



Manage

- OPERATION BOOTSTRAP
- NEW HOPE FOR MAVERICKS IN MANAGEMENT
- CYRUS EATON . . . HERETICAL CAPITALIST

ANNIVERSARY ISSUE

OCTOBER, 1960



DONALD M. TUTTLE

MESSAGE *from the president*

Roses to NMA

It's Our 35th Birthday

October 8 is a red letter day for The National Management Association.

It's our 35th Birthday.

We've come a long way since that day in 1925 when 31 men representing 10 Ohio foremen's clubs gathered in Dayton to form a national organization of foremen's clubs. What were the objectives? Simply to help foremen improve themselves as supervisors and to better qualify foremen for performing delegated management functions.

The place of foremen in the management pattern began to take shape as early as World War I. During that conflict industry was called upon to supply vital production needs—quickly and adequately—for American soldiers fighting in the trenches of Europe. The war brought an end to management limited to factory owners and their executives. With the growth of industry, workers on the production line found a new voice—a voice that management must heed. This meant management had to be represented at the employee level at all times. The foreman's star was in the ascendancy, for he was being delegated more and more responsibility.

Who were these foremen of the World War I era? Where did they come from? Primarily, they had risen from the ranks of skilled mechanics and technicians. These were the men best qualified to direct others, and it only follows that they were the ones named to represent management.

(Continued on inside back cover)

MANAGE

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FEATURES

Message from the President	2
Operation Bootstrap	4
Cyrus Eaton ... Heretical Capitalist	12
New Hope for Mavericks in Management	20
How to Work with Committees	28
Ten Giant Steps	50
America: A Changing Face	69
Business and Politics Do Mix (Part 2)	74

SPECIAL SECTION

Membership Report	38
NMA Convention Highlights	42
New Certification Program	44
It's a Most Important Job!	48
What Our Zone Managers are Saying	51
Secretary-Treasurer's Report	63

DEPARTMENTS

Act On Fact	34
NMA Club Anniversaries	62
Management Bookshelf	67

OUR COVER

Many avenues are explored and utilized by NMA Clubs as they pursue their goal of management development for the benefit of themselves, their companies and their country. Only a few of their many activities are illustrated on the cover of this month's special annual edition of Manage. The possibilities are boundless as are the energies of these men who seek ever higher management proficiency.

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CIRCULATION THIS ISSUE: OVER 70,000, DOMESTIC AND FOREIGN.

Worker productivity is high in Puerto Rico, although this is the "first generation" exposed to industrialization.



Impressive industrial complex at Guayanilla shows Union Carbide's multi-million dollar ethylene glycol plant (lower left foreground) and towers, storage tanks of huge Commonwealth Oil Refinery.

Fomento headquarters in San Juan —nerve center for "Bootstrap."





by *Harold Underhill*

Bootstrap

The plant manager watched two of his Puerto Rican employees climbing over a big new folder-gluer in the boxmaking plant. They were making swift work of clearing a jam in the machine.

"Look and remember something," he said, "... remember that this is really the first generation that's been exposed to industrialism. Their fathers and grandfathers were probably farmers and never saw a factory in their whole life. Considering that, they're doing a brilliant job here." This opinion is shared by most of the plant

managers here in Puerto Rico. The president of Botany Brands, among others, is on record as saying: "I would match the craftsmanship and efficiency of our plant in Puerto Rico against any similar operation in the United States."

The managers have their funny stories, too, such as the one about the young assistant foreman who didn't appear one Tuesday, showed up on Wednesday.

"Where were you, José?" the manager asked. "Were you ill?"

"Ay, no sir," he replied, "it was the birthday of my brother

in Arecibo. I had to go and see my brother and be there for the party." A little quiet explaining, a little understanding of the Latin way of life where the individual, his feelings and his family attachments are extremely important, and José disappeared no more.

There's also the story told by the former New Hampshire builder and former jet test pilot who's creating 3,000 \$7,000 homes near San Juan. One day he casually said to one of his foremen—"Dammit man, let me show you how to get those cinder blocks laid properly"—the man resigned on the spot. The boss, it seems, had sworn at him. The stunned manager now watches his language, still has his foreman, reports a "fantastic" 98 per cent efficiency, more than he ever achieved in New Hampshire or at building sites

in California. One reason for this is the Latin's pride in his work.

Thus it goes, on a man-to-man level, in Puerto Rico, where 600 factories are now at work, and where the per capita income has climbed, in a brief dozen years, to the second highest in Latin America. How did the boom start on this island that in the 'Forties was called "the stricken land . . . the Poorhouse of the Caribbean"?

Chained to a one-crop (sugar cane) economy, Puerto Rico made a major decision in 1948, just after the election of the first elected Puerto Rican Governor, Luis Muñoz Marin. The decision was that the old axiom "The Power to Tax is the Power to Destroy" had another twist to it—the power *not* to tax is the power to *create*. With this in mind, the Fomento pro-

Education is a major effort in Puerto Rico—30 per cent of Commonwealth budget earmarked for learning.





Luis Munoz Marín, Governor of Puerto Rico, is popular with people.

gram to industrialize the island, carried out by the newly-created Economic Development Administration, was born.

Fomento literally means foment, or activity. All kinds of foment are going on in the Caribbean these days, but none so positive, so valuable and so devoted to the growth of a peaceful democratic society as Puerto Rico's Fomento.

The job hasn't been easy. A lovely tropical island (hence a vacationer's paradise) Puerto Rico nonetheless took a beating from Nature—there's *no* coal, iron, oil, gold, silver, aluminum, copper, zinc, lead or anything else under the lush green landscape. Thus the lifeblood of industrial development is

lacking. The only solution was to import factories; the best way to do it was to offer manufacturers relief from taxes, plus other advantages.

Puerto Rico is within the U.S. Federal Union, has a very special "Commonwealth" status set up in 1952 through a written Compact signed with the United States and ratified by the people here. But they don't vote and have no voice in Congress. On the principle of "No Taxation Without Representation," Puerto Ricans don't pay



Theodore Moscoso, head of Economic Development Administration, guides progressive "Fomento" program.

federal taxes. Hence they can offer manufacturers this freedom as well. "Runaways" pulling out of the States are not accepted, but only bona fide companies who want to establish branch or subsidiary operations here. Any firm coming in is subject to scrutiny on this score.

Let's spell out the meaning of tax exemption: a corporation with a net income of \$100,000 would pay \$46,500 in taxes in the United States. In Puerto Rico, it keeps the \$100,000. That's a sound inducement, and the backbone of "Operation Bootstrap."

Besides the fine tax lure, the Puerto Ricans offer a host of other advantages and services. Economic Development Administration offices in New York, Miami, Los Angeles and Chicago have staffs of trained industrial representatives — in effect salesmen — contacting U.S. industrialists. After the initial approach, a visit to Puerto Rico is suggested. In San Juan, the Commonwealth's beautiful, sunsplashed capital, another industrial rep awaits, shows the prospective investor various plant sites and explains that the already-built (by the government) plants can be tailored to the firm's needs.

Also in San Juan, the Office of Economic Research stands ready to supply in detail all the facts about transportation, freight charges, local and mainland markets, wage rates—anything.

Beyond that, Fomento, through the Puerto Rico Employment Service, offers hiring and training services, special allowances for bringing in certain equipment, and training employees in specialized skills. These usually run close to \$25,000, have on occasion exceeded \$50,000.

Thus, the major structure of "Operation Bootstrap." Its efficiency is spelled out in the long list of blue chip corporations with plants here: Remington Rand, American Can, W. R. Grace, U.S. Rubber, Van Raaite, General Electric, Maid-enform, Union Carbide, Nebraska Consolidated Mills, and a host of others. As one recent report phrased it, the dramatic tax-exemption offering overcame the "economic inertia" that usually hinders industry shifting from one location to another. This plus lower wage rates (the average industrial wage here is 91 cents an hour) did the trick. In Puerto Rico, by the way, industry-by-industry minimum wage determination, through conferences, is the

method. This is the way the original Federal Fair Labor Standards Act was written and the U.S. Congress, realizing that Puerto Rico is at a different stage of economic development, has retained this method for the Commonwealth.

Six hundred factories have been established so far, in a dozen years. If tax exemption is so attractive, why has there not been even more of a headlong rush to the island?

Surprisingly, only about half the executives of U.S. businesses seem to *know* that Puerto Rico offers incentives, and only a quarter of them can name a specific major incentive. To counter this, a persistent public relations, advertising and direct mail and personal contact program is carried out. Greater results are expected—there will probably be 200 more factories here this year, and a total of 2,000 by 1975.

Labor Supply and Efficiency

A labor force that, in the U.S. sense, is relatively untrained, is working out very well. Examination results have shown very good manual dexterity among employees, particularly women. Factories making electric shavers, ball point pens, polished diamonds, optical lenses, surgical instru-

ments and delicate electronic equipment, all report high levels of efficiency.

Besides this, Puerto Ricans seem to like factory work. The University of Puerto Rico took a survey showing that nine out of 10 employees preferred factory work to their former agricultural jobs. Absenteeism is low, running about two per cent. At first, it sometimes ran as high as seven or eight per cent, but as employees were oriented to the new life, aware of their responsibilities in it, and accustomed to regular incomes much higher than they had ever known, the figures dropped steadily.

More and more training facilities are becoming available here. Puerto Rico "goes big" for education (30 per cent of the budget is spent for this). Twenty-six trades are offered in vocational schools now, and accelerated programs give break-in training at special centers or through in-plant arrangements.

The once-stricken land that Columbus discovered in 1493, Ponce de Leon settled in 1508, the U.S. took over in 1898 and that elected its dynamic Governor Luis Muñoz Marin in 1948 has made dramatic progress in a decade. It has an even wider significance than the visible signs of progress in San

Juan, Ponce, Mayaguez and other cities. It is the living proof against Communist lies about "American Imperialism." Peaceful, thriving and creating a good *ambiente* (climate) for free enterprise, Puerto Rico reaps the harvest of sound policies. No bombs or gunfire are heard here, no troops are seen in the streets, no swirling mobs denounce the United States. Instead, Puerto Ricans walk down a 400-year old street in the Old Quarter of San Juan and step into the Merrill Lynch Pierce Fenner and Smith office to buy shares in free enterprise. They buy cars, homes, small outboard pleasure boats, TV sets and other things through loans with the Chase Manhattan, National City or through the local Banco Popular or Banco Credito y Ahorro Ponceño. They vacation in the States—and they receive 300,000 vacationers a year from the States (plus the \$42 million the tourists bring with them).

In 1940, a U.S. Senate committee called Puerto Rico "hopeless." Then, the average per capita income was \$121. Now it's up over \$500. Median family income is approaching \$2500, with family income in the San Juan area at about \$4500. There's been so much factory and home building that San

Juan's suburbs have swirled on out the six or eight miles to the mountains, and the new building trend is vertical—apartment houses and office buildings seem to be started every minute. Traffic jams in and out of town in the morning and evening are reminiscent of Long Island Westchester, or Los Angeles' suburbs. A billion-dollar economy was achieved in 1958, and the end is nowhere in sight. In 1956, income from manufacturing topped that from agriculture for the first time. Last year, another shift took place as metalworking industries (including electronics) nudged out apparels for the first time.

The U.S. benefits from all this—Puerto Rico is our best overseas customer (over \$600,000,000 annually), and the Commonwealth exports over \$1.1 billion worth of goods a year—most of which goes to the U.S.

The U.S. also benefits in terms of vast international good will. The epithet "Democracy's Showcase" was long ago applied to the Commonwealth, and the truth of it is borne out by the 1200 or more Point Four visitors who come here from all over the world each year. Representatives from Ghana, Israel, Indonesia, India, the Philippines and a host of other

developing nations, including all the Latin American countries, come here regularly, most of them sent through the International Cooperation Administration in Washington. They study "Operation Bootstrap" in all its aspects, are taken on trips to farms, factories, housing projects and hotels. Each is briefed in his own specialized field by an expert in that area—be it tropical medicine, water power, public housing or sugar cane growing and processing. Sometimes they see unique things indeed, such as the new method used here to plant power poles and string wires across rugged mountainous terrain. It's being done with a helicopter for the first time in history, saving hundreds of thousands of dollars and man

hours, speeding up the rural electrification program, providing more power for more factories. Such is the type of ingenuity forthcoming from this energetic land.

In any event, no Ghanan, Egyptian, Indian or Indonesian who ever came to Puerto Rico went away believing in Red charges of U.S. "dollar imperialism." Instead, they were uniformly impressed and took away as much information as possible. They also took, in full measure, the overwhelming charm and hospitality that is the hallmark of the Puerto Rican.

"Bootstrap" works well—and it could be said that Uncle Sam basks in the reflected glory of his small but energetic nephew in the Caribbean.

AUTOMATION

It has been well proven that the use of machines has given the American worker better health, more leisure, and more real wages with which to enjoy his spare time, and perhaps use this time in his own way to further a better living for others.

Yet some persist in shouting, "Automation! It's new! It's bad! It'll put people out of work!"

Automation or the machine age, has been characteristic of the United States since the Civil War, and never in the span of a century have people progressed so fast and lived so well.

Automation is merely a new term for something that has been going on for a long time. That's the substitution of machines for man's muscles and effort.

All the way, machines have made more employment.



Cyrus Eaton

by Norman J. Melnick

Various tongues are spitting venom because the immensely wealthy Cyrus Eaton (Chesapeake & Ohio Railway, Steep Rock Iron Mines, Ltd.) espouses peaceful coexistence with the Communist bloc while affirming that he is an incorrigible capitalist. The two propositions seem wholly incompatible. Yet, the speaker is a man who presides over an industrial empire with assets of several billion dollars; who, twice in a single lifetime, has amassed a personal fortune of well over 100 million dollars. Obviously, he cannot be unthinking, or unimaginative, or put out of mind. At best, he is in his dotage; at worse, he is

suspect. Consider the recent letter writer to the Cleveland Plain Dealer who suggested a Nobel Prize for Naivete—the first award to be made to Eaton. Or the description of Eaton by a London Observer reporter: "He seemed calm, wise and courteous. There was nothing noticeably *eccentric* about him." Lastly, there is the plight of the editorial writer. He must censure Eaton (what other capitalist has spent 110 minutes with Chairman Khrushchev, or written for Pravda?), yet he cannot ignore the apparent: Cyrus Stephen Eaton, the last tycoon has enormous gifts.

They are not visible at once.

Here is a comprehensive and thought-provoking article on one of the world's most controversial figures, written by a working member of the press. Mr. Melnick is on the staff of the Cleveland Plain Dealer and has talked with Cyrus Eaton on several occasions. For this absorbing article, he interviewed the Cleveland industrialist in his Terminal Tower offices and at Acadia Farms.

... Heretical Capitalist

Eaton is scarcely a silver-tongued orator, or a prepossessing man physically, although his slender, erect form and arctic white hair are quite remarkable for a man approaching his seventy-seventh birthday. It was a British writer who observed that Eaton has the face of a cardinal, warm and gentle. It was a New York Times man who wrote: "He reminds one of a benign Uncle Sam, without the beard." Eaton is gracious and courtly and highly mannered. "He doesn't order his employees to do *anything*," a member of Eaton's 18-man public relations staff noted. "In fact, the whole thing's rather incredible. You get the feeling he's apologizing to you for asking you, one of his employees, to do something."

"I couldn't quite believe that this was the man I had heard

so much about," said Eaton's mustachioed English riding master. "I thought he'd be a forbidding sort, but he's absolutely the most charming man I've ever met. He's courteous to a fault—to lorry drivers, to just about everyone. Mind you, though"—the riding master's face suddenly looked pained—"there's the iron fist beneath the velvet glove. I've seen it, just a couple of times."

Cyrus Eaton, the philosopher of affluence ("a man's first moral obligation is to earn his living, and his second is to be intelligent"), is not met; he is absorbed. I talked with him on a recent date in the library of manorial Acadia Farms, his 860-acre home near Cleveland, where he raises champion purebred Scottish Shorthorns and stables prize-winning horses and the now-famous troika stallions, a gift of Pre-

mier Khrushchev. I sat down next to a framed, signed photograph of Bertrand Russell. At my other elbow was an encyclopedic range of ceiling-to-floor books and tomes like Plato's Dialogues, Epictetus' Discourses, and not unnaturally, a directory of Sheraton Hotels. Eaton was wearing a rumpled blue double-breasted suit jacket and tan slacks. He had said little, but his presence filled the room, the same room where he had conceived of Republic Steel, Steep Rock Mines and dozens of other feats of financial derring-do. Eaton, as the latest recipient of the Lenin Peace Prize, perhaps the most honorific award in the Communist orbit, had just returned from a tour of the satellite nations in Central and Eastern Europe. He was plainly impressed, and spoke glowingly for an hour of the people and their achievements, but only one thing he said made a permanent indentation in my mind—the statement of purpose. "I went," he had said, "to get a personal impression of what is going on in these Socialist countries," as though, it seemed to me, he were young Henry David Thoreau setting out for the woods to front the essentials, "and not, when I came to die, discover that I had not lived."

There is in Eaton a philosophical resemblance to Thoreau. Certainly, Eaton speaks with the same loathing for federal controls which, he says, "crib, cabin and confine American industry and finance." He is contemptuous of cherished institutions (for example, Wall Street and the Federal Bureau of Investigation). He abominates the military — "powder monkeys," as the Romantic, Thoreau, conceived of them. But Eaton is not a Thoreauvian—that is to say, not an idealist. His greater response would probably be to the Victorian, Herbert Spencer, that obstinately individualistic philosopher. Spencer gives form and direction to the heretical capitalism of Cyrus Eaton, and justifies the Eatonian crusade for peace. "The possibility," Spencer wrote, "of a high social . . . state fundamentally depends on the cessation of war." Once nations are no longer obsessed with war, in Spencer's thesis, a thousand avenues open for economic cultivation (and million-dollar chasing). The industrialist reigns in Spencer's society and productive workers are the beneficiaries. Man's spiritual redemption becomes inconsequential, the occupation of soldier abhorrent, and patriotism evolves into a love of country, rather than a hatred

of any other. Hence, peace at home becomes the first precept of prosperity, and as investments cross every border, internationalizing capital, peace everywhere becomes indispensable, as well.

Perhaps Eaton, the omnivorous reader, had already encountered Spencer at the awakening of this century, a 17-year-old youth spending the summer in Cleveland with his uncle, the Rev. Charles Aubrey Eaton, pastor of the Euclid Avenue Baptist Church. Young Eaton had come from his native Pugwash (Micmac Indian for "deep water"), a slumbering fishing hamlet overlooking the Northumberland Strait in Nova Scotia, where tansy and Queen Anne's lace still bloom on the streets and the Scottish influence is so pervasive that road signs are in Gaelic and English. Eaton, the son of a country storekeeper and farmer, took a job as the night clerk in a downtown Cleveland hotel. But one of the people who could not abide the thought of the minister's nephew being exposed to the "sordid happenings" in a hotel was Mrs. John D. Rockefeller. She and her oil tycoon husband were members of The Rev. Eaton's church, and soon young Cyrus Eaton was working for

Rockefeller, running errands and taking the fourth hand at the Rockefellers' bridge parties, while raptly listening to the deals made by the master empire builder. In the fall, Eaton enrolled in a small Canadian college (Woodstock, later transferring to McMaster) and continued to work summers in Cleveland for Rockefeller. His Spencerian realism (and Rockefeller's millions) were beginning to cause grave doubts in him about the ministry, the profession his mother had chosen for him and the reason for his Cleveland visits. Rockefeller was hardly titillated by a career in theology for his youthful charge, and spoke out against it. Torn between his mother's wishes and the dictates of his own heart, Eaton, with diploma in hand, withdrew to the Saskatchewan plains, became a cowpuncher and soul-searched about his future.

He was back in Cleveland that Christmas (it is a matter of conjecture whom he was visiting, his uncle or Rockefeller) when the course of his life was decided. A syndicate known to Rockefeller asked Eaton to go to Canada's far reaches to secure gas and electric franchises. The odds were overwhelming, but Eaton con-

sented and returned with a franchise to build a power plant in Manitoba. His backers, however, cowed by the panic of 1907, had fled, more concerned with saving their assets than expanding their investments. Undaunted, Eaton borrowed money (quite a trick in a panic) to build the plant, and two years later sold it at a handsome profit. He poured the stake money into new utilities in Canadian and Midwestern cities. By the outbreak of World War I in Europe, Eaton, a financial stripling of 30 years old, was worth two million dollars.

No man is an island, but in the 1920's it began to seem as though Cyrus Eaton was going to puncture the validity of this truism, (Indeed, the story is told that Eaton visited his personal physician at this time to learn the prescription for long life.) After obtaining a score of utilities, including the United Light & Power Corporation, a superholding company, Eaton was in a position to challenge the baronial twins of the utility realm, Samuel Insull and Sidney Mitchell. But characteristically, Eaton turned to new fields of conquests, and had, in fact, conceived of a plan to gain control of the mighty United States Steel Corpora-

tion. But a newspaper item detailing the Trumbull Steel Company's financial collapse captured his attention and his organizational zeal. Trumbull's directors and the pillars of Warren, Ohio, desperately trying to save the city's largest industry, had been told that only the House of Morgan could "save the situation . . . and they're not interested." But Eaton, emboldened by the hopelessness of the circumstance and the chance to do a public, as well as private good, produced a personal check for eighteen million dollars and uprighted the tottering mill. Trumbull, in league with a maze of other Eaton acquisitions and mergers, formed the fountainhead for the Republic Steel Corporation, the third largest steel producer in the world.

Cyrus Eaton, skiing in the Laurentians in the winter and fox hunting in Cleveland in the summer, focused next on the rubber industry, with designs (so the story goes) on the du Ponts' U. S. Rubber Company. But he satisfied himself with the nation's largest tiremaker, Goodyear, and followed with heavy investments in Firestone and Goodrich. He became, in effect, the City of Akron's largest paymaster. The community

of tycoons—the Insulls and the J. P. Morgans and the Charles M. Schwabs — was troubled. How, they wondered, was Eaton able to finance his sorties? The answer: Eaton's Continental Shares, Inc., an investment trust which, like numerous others during the Decade of the Flapper, had taken roots and prospered.

The Great Debacle brought the Eaton empire to a resounding end, and the excruciating cries of the thousands of stockholders in Eaton's enterprises could be heard from the Arctic to the tropics. All that was left was Otis & Company, the Cleveland financial house, but enough so that the retreat was tactical, the loss salvageable.

The comeback, in Eaton's conception of such things, had to be dramatic. The logical choice was Wall Street, and in the process, as one writer has commented, Eaton "revolutionized American business." With an audacity and shrewdness that caught the famous street napping, Eaton forced competitive bidding, against a long-established practice of gentlemen's agreements, and saved Robert R. Young's Chesapeake & Ohio Railway two million dollars on a single bond issue while reaping a harvest of dollars for himself. In the trans-

action, Eaton had won Young's friendship, but he had also contracted Wall Street's wrath.

Robert A. Taft's appreciation of the business niceties was not enhanced by the Eaton unpleasantness on Wall Street. When Eaton tried to bid on a 12 million dollar bond issue for the Cincinnati Union Terminal, Taft, chairman of the terminal's finance committee, cracked: "Preposterous! We've already made a deal with people we trust, and I resent your coming here." That rebuff cost Taft the Republican Party's Presidential nomination the two times he was but an arm's reach from it. Eaton's enmity, Taft discovered, was lethal.

With the declaration of war in Europe in 1939, Eaton, with great clarity, anticipated the day when the Allies would be frantically scavenging in junkyards and attics for scrap metal. Quietly, Eaton embarked on a prospector's quest for iron ore and found it under the bed of Steep Rock Lake, 15 miles long and four miles wide, in the wilderness of western Ontario. But the best technical brains advised Eaton that any attempt to extract the precious metal would be "sheer folly." Eaton, making his own estimate, decided to take the risk, as Wall Street exulted

over "Eaton's Folly." Aware that Washington was alarmed over the vanishing ore reserves in the Mesabi Range, the squire of Acadia Farms went to the White House for moral and monetary support from his old crony, President Franklin D. Roosevelt, whom he had bolstered with political contributions and political pamphleteering (The Third-Term Tradition), and left with a five million dollar loan. Canada pumped 20 millions more into the project and the Province of Ontario added five millions. A tunnel was bored through 2,000 feet of solid rock to drain the 50-foot-deep lake, but engineers warned Eaton that the opening would clog with rocks. In mackinaw and boots, Eaton was a tense onlooker that day in 1942 when dynamiters placed their charges, set the time fuse, and scattered. The Fourth Estate has described what followed in an outpouring of opulent prose. Suffice it to say that Eaton emerged with a treasure trove, but even more incredible, with full private control of the fabulous lode, despite the generous helpings in public funds from Canada and the United States—a typical Eatonism.

In 1954, after he had extended his industrial dominion

to embrace West Kentucky Coal and the C & O railroad (which he acquired in grateful return for helping his friend, Robert Young, secure the reins to the New York Central), Eaton announced that he was converting his ancestral home at Pugwash into a thinker's retreat for scientists and scholars of all political persuasions ("perhaps one of them will come up with the final truth"). Simultaneously, Eaton entered the arena of peace. "The human race," he said, "is hell-bent toward both bankruptcy and suicide. . . . Our proper posture is not anti-communism, but enlightened capitalism."

In his time, Eaton has locked horns with the House Committee on un-American Activities, written off the Hungarian revolt as a "phony," exhorted the United Nations to admit Communist China, opposed right-to-work laws, hosted the kernel of Soviet society at his Ohio and Canadian homes, and irreverently depicted politicians, generals and journalists as "this truculent trinity." Of Secretary of State Dulles, Eaton once made this judgment: ". . . when a brilliant man goes wrong, he gives more plausible reasons to defend his position than if he were stupid." Of Chiang Kai-shek ("discredited

and corrupt"), Eaton suggests: "He should come to the United States and become an investor."

Those who have taken umbrage at Eaton's pronouncements include one of his daughters (for public consumption in a newspaper's letters' column), the formidable J. Edgar Hoover, former Secretary of Treasury George M. Humphrey (also a Cleveland), and a platoon of Wall Streeters. They want the government to prosecute Eaton under the Logan Act, barring citizens from negotiating with a foreign power.

Eaton has been impugned at home, but celebrated abroad. The American business community, except for a few heretics like himself, looks askance at Eaton, as do many of his employees in the C & O. They would walk off their jobs tomorrow, if it were not for the

wage level, the highest in the industry. In England and Canada, on the other hand, Eaton is viewed as a latter-day Nobel or Carnegie, and worshipped as the "most incredible businessman to have come out of America since the war." He is the favorite son of Nova Scotia and Follansbee, W. Va., where he rescued the mill from the clutches of financial disaster. But he is infrequently revered in his adopted Cleveland.

At Acadia Farms, in his Old World surroundings a scant mile from a glittering, ultra-modern shopping center, Eaton, serenely confident in an ultimate Spencerian peace, and his intelligent, attractive wife, Anne, who is half his age and shares his beliefs, read Rilke and Racine, and sometimes go off to visit friends—John L. Lewis, Harry S. Truman and Nikita S. Khrushchev.

*It is unwise to pay too much, but it's worse to pay too little.
When you pay too much you lose a little money—that is all.
When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do.*

The common law of business prohibits paying a little and getting a lot—it can't be done. If you deal with the lowest bidder, it is well to add something for the risk you run. And if you do that, you will have enough to pay for something better.

—JOHN RUSKIN



by George S. Odiorne

If you're one of those people they identify as a maverick on the management team you'll be happy to know that you are coming back into style—with some reservations. The emphasis these days in management ranks, and in a lot of staff positions too, is upon tapping the ideas and creativity of the fellow who thinks for himself. The emphasis, you should note, will be more and more upon pushing people upward in business who can produce and are creative. At the same time it's been carefully noted that, more often than not, the fellow with the best ideas in the pinch, and the man who pushes the stuff out the back door fast-

est and best, is the man who thinks for himself.

The Word from on High

If you've been listening carefully of late to the words from the top brass you've probably seen that the wind is changing on letting all the raises and promotions go to the yes men, the "organization men," and the conformists. Ralph Cordiner of General Electric, Louis Wolfson of Merritt-Chapman Scott, Mel Baker of National Gypsum, and a host of other board chairmen and presidents have been stating pretty flatly that they don't want the dead hand of conformity to creep any further into their organizations. The time has come, these top eche-

***Are you a supervisor who thinks for himself?
Management is looking for men who are creative . . .
and can produce.***

lon people are saying, to free the brains and the creativity of managers and staff people who think for themselves, and who are not mere imitators. Originality, boldness, and a willingness to take risks are part of the qualities we need most in management these days. Although a lot of this is still limited to the mahogany row utterances—some of it written for the top brass by their public relations people, it's true—there's actually a strong undercurrent that is beginning to reach into every level of management that puts a premium on the man who thinks and acts without doing all of his calculations of course from the next fellow.

The whole trend began with a couple of books by some long-haired observers of the business scene who never met a payroll. The first was David Riesman, a sociologist who wrote a book called "The Lonely Crowd." He pointed out in the early fifties that too many people were becoming "other-directed." This means, he said, that people don't use their conscience or their common sense

to tell them what to do, rather they copy their peers. The result is that everyone is copying everyone else, and nobody is steering by the light of the stars. The result is a deadening likeness in many aspects of our society. This was picked up and applied most drastically to the business scene by W. H. Whyte of *Fortune* magazine in his book "The Organization Man" a couple of years later. The organization men, Whyte said, are all too eager to "grasp the common denominators which bind them." This, he said, is especially true of the middle managers in line and staff positions.

There were lots of sound reasons why people in such positions learned to conform, it's true. In the first place they were scientifically selected because of their ability to adjust. Their training courses all emphasized team play and adjustment to the group goals. Their bosses appraised them with check lists which stressed fitting into the pattern. Small wonder then that the organization man learned soon to keep his head down, and agree with

the boss, and not look too much different from others in the same rank and type of work.

The only hitch was that the top brass apparently didn't want this kind of men in middle management ranks, and they started to say so. At the McKinsey lecture series, in management magazines, in surveys, and on lecture platforms all over the land they dropped the word that they wanted men who would think creatively for themselves. It's taking some while to press down through the ranks where the plant manager, store manager, and district sales manager are changing signals to catch the new drift of things—but it's fairly well under way.

Where Conformity Stands Today

It's fairly obvious how top management thinks about these things, and their speeches and articles show the trend. The public relations people, who get most of their ideas from their top brass, are already turning on the steam to point up the evils of conformity—or denying that it exists. Yet, the managers just below the top haven't been totally clued into the new trend and as a result the reversal hasn't been perfect nor complete. Yet there are a number of hopeful signs for the maverick in business that

he'll be more able to do his own thinking and be paid for doing so as the trend progresses.

Take the matter of performance appraisals for example. Up until a couple of years ago most such appraisals were limited to the kind that was based on a check list of personality traits that somebody had decided were needed in the excellent middle manager.

Under this system the boss would sit down and rate his men on such personality traits as loyalty, initiative, perseverance, cooperation, human relation skills and the like. The

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hitch came in the fact that often the fellow who had all of these traits in the right amount as shown by psychological tests and interviews often was nothing more than a shrewd observer of which way the wind was blowing, and was especially adept in adjusting his sails to suit.

Of late the emphasis in performance appraisal has been away from personality traits, or even matching the man against a master scale of managerial abilities (organizing, planning, controlling, etc.) and is turning toward measuring results. The reasoning here is that the payoff for the company doesn't come through having people on the exempt payroll who fit a pattern, but people who produce results. They know what is expected of them and they later find out how well they did against these expectations. If he got the results through one method or through another it didn't really matter—it was the results that counted.

How Results Approach Works

A small group of companies, notably General Electric, General Mills, Merck, and the Telephone companies, experimented with a procedure in which the man and his boss sat down and worked out a pro-

gram for the period ahead. It included results expected, with some specific measures tied to it. Can he meet his production promises on time? Will he improve on last year's cost results? What results can be expected in safety? In maintenance? In housekeeping? In spoilage control? In grievances? In turnover? In quality control and rejects? When the two men had hammered out a set of objectives for each man in the department for the coming year these became the targets against which the man would be measured in the year ahead. At the end of the year when appraisal time came around, they would pull out the objectives which they had agreed upon and review the performance against these specific goals. No discussions of personality traits, nor situations in which the boss played God with his subordinates.

This was a fairly simple but drastic change, since it frees the maverick from being downgraded in promotion and raises simply because he's different. The test was what has he *done* rather than in what kind of a fellow is he.

Take the case of Doc Y who was a top flight researcher and to be perfectly frank a little bit of an odd-ball. Under a "re-

sults" approach nobody is going to tell Doc that he should get his hair cut more often, or shine his shoes before coming to work simply because there was a box on the chart labelled "neatness." If he produced new ideas that were bright and marketable, if he improved the product or the process and made money for the company, he could wear a beard and Bermuda shorts to work.

The first place this hit the organization was naturally in areas such as research and engineering. The Bell Telephone Labs and the Sarnoff Labs of RCA made it clear that they wanted results because often it's the odd-ball and the maverick who have the best ideas. Things that seem wild, and can't be strapped into neat administrative patterns may be the very source of the greatest gains to the firm. It might even be, some concluded, that in changing these unorthodox people to fit the charts you destroy the very things that cause them to be most productive and creative.

Even outside the lab the principle works. In staff positions where engineers, accountants, and advisors on all sorts of management problems worked, this freedom to think and work with individual styles and dif-

ferences, proved to be profitable strategy for business.

In line positions where supervisors were executing plans and policies established at the corporate or division level, the change has been slower, it's true. Even here, however, experience with the results approach shows that letting the smart fellow think for himself, encouraging him to experiment and make mistakes, and to speak up freely has had good effects. More conformity to policy and procedure is needed in production and operating jobs than in the lab, it's true, to prevent chaos. Yet, the manager who refuses to be bound by the status quo, who constantly attempts to change and improve operations has paid off as well.

How Much Conformity?

The essence of success in a large firm is often the ability of the top people to organize, plan and control things. This necessity is always in conflict with the desire of individual managers to express their own creativity and individuality. This conflict will probably never be solved as long as we need to have efficient organization. The real trick comes in letting people be as free as possible in their work situa-

tions without causing confusion and conflict that reduces the effectiveness of the firm. Here are some ways in which the individual supervisor can be a successful maverick in a large organization that demands some conformity in order to remain afloat.

1. It can encourage ideas from managers at all levels. It means that every manager is assumed to have within himself the capacity to control and improve his own operations if he's delegated decision-making power over his own bailiwick within the framework of broad policies. In large decentralized companies this means pushing decision-making down to the lowest possible level where the decision can effectively be made.

2. It creates a climate in which the mistakes of the boss can be pointed out and corrected by subordinates without fear of reprisal for impudence. As one foreman told me:

I know that my boss wants to hear the facts from me and if I were to do anything less than to tell him the truth as I see it about operation he'd probably fire me. He wants me to tell him what's on my mind and creates an environment where this can happen continuously.

3. It means that the manager becomes a good listener. He not only hears what his subordinates are telling him are the facts in the case, but he probes to discover the facts and feelings of people at levels below him without imposing a "boss knows all" philosophy upon the organization.

4. The boss pays off for results. The broad outlines of the corporate objectives are communicated, and the *means* for accomplishing them are made a matter for the individual manager.

The discipline over managers in such an organization is that of self-discipline on the part of the individual supervisor. If his experience and intelligence tell him that a certain kind of behavior will get the best results he's permitted to do his job as he knows best.

We should carefully note however, that the emphasis is upon the results achieved, and the new emphasis isn't upon being an odd-ball simply for the sake of having "color." The maverick can be as heterodox as he pleases as long as his results are evident.

How to Free Subordinates?

The boss who really wants to tap the skills and talents of his people begins by creating a cli-

mate in which they can exercise these talents without fear of reprisal. This means that he normally does several things:

- He encourages contrary opinions. When he gets a view that conflicts with his own he doesn't bluster: "Who do you think you are to be saying things like that?" He's more apt to say, "tell me more."

- He avoids dealing in personalities. He knows that in a large organization there will be people who have different temperaments and personalities and makes allowances in his thinking for such differences. He makes it clear in his words and actions that he wants people to *be themselves* and to do their jobs with ingenuity and individual flair. He doesn't worry about crew cuts, or sober dress if the mavericks are getting the results by some other outward manner.

- He asks them their opinions and lets them participate in the decisions which will affect them. He doesn't abdicate his authority and responsibility, but shows that he respects the experience and abilities of his subordinates in his own decisions.

How Can a Man Free Himself?

Even with such an enlightened boss, there's more to be-

ing free and maintaining one's integrity in business. Even the boss who wants his subordinates to be creative and to think for themselves can't force them to avoid copycat or robot behavior without some cooperation on their part. In its final form, conformity is more a matter of what takes place inside the man rather than what takes place outside. It's entirely possible for conformity to exist in a small business under an autocratic boss, and it's entirely possible for a manager to remain his own man in a large corporation if he wills it so.

True freedom from conformity in business requires that the man be willing to develop his own opinions, and think things through for himself. This isn't easy. He starts doing this and never relinquishes his right to make personal decisions affecting his career, his personal life, and his choice of personal alternatives without excessive regard for what seems to be a company or fellow-manager doctrine. He resists the impingement of company thinking on such matters as politics, art, religion, his friends, and where he takes his vacation, and gently but firmly avoids paternalistic measures by his boss. This doesn't mean he automatically resists everything that comes out of the

company headquarters in these things—that would be a reverse conformity—but retains his discretion and freedom of choice in all such matters without being offensive about it.

Beyond this first step, he can begin to apply his own moral and social values to the areas of jurisdiction where he works. It's right here that it takes the greatest nerve and resolution. The salesman whose value systems disapproves of drinking may find that he'll have to be fairly adroit to survive and succeed without bending his scruples and his elbow in some situations. The foreman who has ideas on civic matters may find that writing a letter to an editor about some matter of civic importance, or working for civic improvements he believes in, may cause some raised eyebrows around the shop.

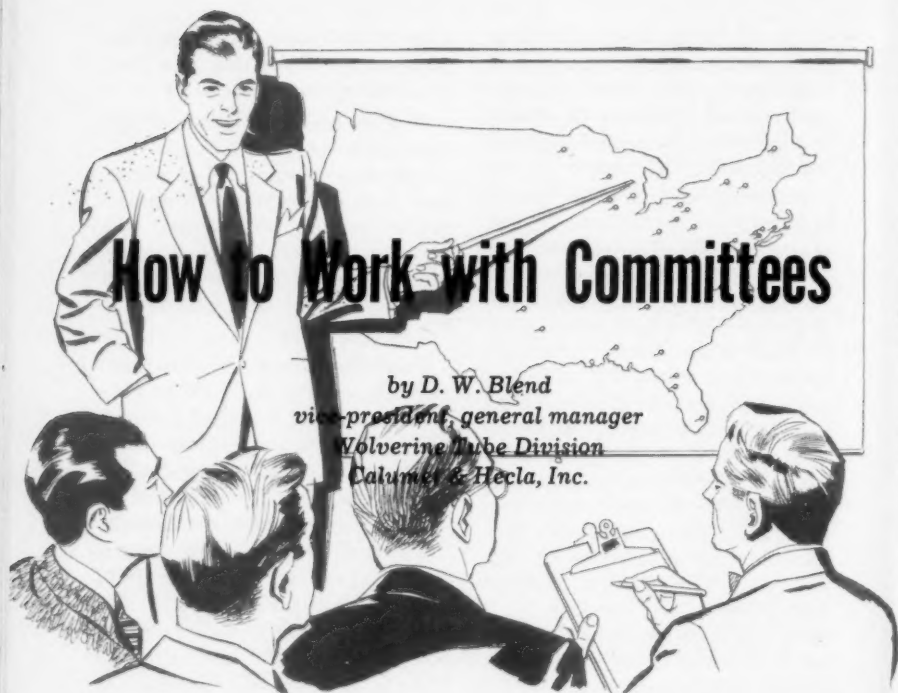
The man who is offered a promotion if he'll take a job where he travels extensively may find that his views on the requirements of being a family man will clash with his desire to get ahead and provide them with better things which the higher income can provide. Decisions on such matters can only be made by the man himself, thinking through what he wants and how much he wants them. These kinds of decisions

always come hard. They can be made easier if the manager has one basic guide to steer by.

The problems of conformity and maverickism can only be solved comfortably if a manager has a consistent philosophy to guide him. What kind of fellow am I? Where do I want to go in business? How much of a price am I willing to pay to get there?

Thinking through such a philosophy is hard work. Once in hand however, it makes the individual decisions under the pressures of conformity easier to manage. Usually such a philosophy comes about through the answering of some basic questions about yourself that nobody but you can fill in. What are my personal strengths? My limitations? What's the best (not necessarily the easiest) way of parlaying these into getting what I'd like out of a business career?

As Emerson put it, if a man takes a stand on his own instinct and sticks with it, the world will come around to his way. There's happily some evidence that his top management has already come around to this viewpoint and is pressing the middle manager to know himself, and to be himself. The rest lies with him.



How to Work with Committees

by D. W. Blend
vice-president, general manager
Wolverine Tube Division
Calumet & Hecla, Inc.

Management's primary function is to make the best use of the abilities of the people in its organization. The greater an executive's responsibilities, the less important are his specialized skills and the more important are his skills in getting people to do their best work.

Much has been written and spoken about the various management systems. The fact of

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the matter is that most management systems will work if the people involved want them to work. It is not the management system that is important, but people's attitude towards the specific system.

Every system of management involves some use of committees in one way or another. In an organization it is virtually impossible to maintain communication—be it of a command nature or of an informa-

tional nature—on a person-to-person basis, regardless of how well the chain of command is spelled out. Sooner or later, there must be a committee meeting.

Why the Committee—Working with a group of people toward the accomplishment of a common goal can be a most rewarding business experience both in terms of personal satisfaction and success in attaining an objective. But it also is perhaps the most difficult form of managerial activity in terms of working toward a final objective.

Repeating my original premise, if you are an executive with managerial responsibility, you serve your organization best when you get the best performance out of the people working for you. If sales, purchasing, industrial relations and other functions report to you, your job is not to be the top purchasing agent or the top salesman or the lead-off industrial relations man—although you might be any one of these—but to manage and coordinate the functioning of each of these specialists so that the company does the best possible job, in the shortest possible time, at the lowest possible cost.

The committee can be one of the most effective means of

attaining these fundamental objectives. Yet, it often is not. Let us see why.

Why Committees Succeed or Fail—The success or failure of committees and committee meetings can best be traced chronologically, starting with the formation of the committee.

Why Was the Committee Organized?—Many a committee, composed of very able people and headed by a top executive, has floundered and failed—for one basic reason. The committee should never have been established in the first place. A committee meeting is no substitute for decisions that should be made by one man as a regular part of his job responsibilities. If you are involved in the organization of a committee, be sure that all understand clearly why the committee is wanted and what it will do that would otherwise be undone or done less effectively. Probably more effort should be expended on the committee at this point—when it is being organized—than at any other time in its history.

Who Should Be On the Committee?—Let's face it, there is nothing as boring as attending the meetings of a committee in which you have no interest. Membership on a management

committee should be limited to those directly involved in the implementation of the functions that have been established for the committee. Further, all committee members, with one exception, should be on the same organizational level and that one exception should be the man to whom all other members report.

How Often Should Committees Meet?—A meeting schedule for a committee may seem like a minor detail. The fact is,

ganized?" It's like the difference between strategy and tactics. It may be very desirable to organize this specific committee—which means that the general objectives and the over-all purpose are clear. If the functions and duties of the committee are not spelled out—if the tactics to be used in carrying out the strategy are not "on the record," the committee will fail.

How to Prepare for a Meeting—A management committee meeting should not be treated

The committee can be one of the most valuable tools of management. But it is also subject to misuse. Here are some of the things to keep in mind in using your management committee, to get the best results, and also avoid some of the pitfalls.

however, it can contribute importantly to the group's success. There is no flat rule as to how often, but the choice is crucial.

If it is too frequent, the meetings will be both a farce and a burden. Too infrequently will result in a superficial handling of the committee's business to a point where it is not taken seriously.

What Is the Committee to Do?—This question differs from "why was the committee or-

ganized?" as a surprise party where items for discussion are pulled out of a hat. Nor is it a brainstorming session. A detailed agenda should be prepared and circulated by the chairman at least ten days prior to the meeting. This gives committee members a chance to pull together required data, and also to suggest other items for discussion.

How to Run a Meeting—Committees are unsuccessful when their meetings fall into a pattern of being either too dicta-

torial or too democratic. What is needed is a blend of the two. And this can be accomplished. Agenda items are assigned to the person or persons directly involved. The assignees handle the discussion, provide the data needed and are prepared to offer authoritative opinions. When the point of decision is reached, the chairman makes the decision. You as chairman should not only encourage, but specifically direct, each member to evaluate and comment on all of the items on the agenda. One of the basic advantages of the committee is, after all, the pooling of skills and talents.

What Happens After the Meeting—As in golf, the follow-through on the committee's meeting is as important as the meeting itself. The chairman should prepare comprehensive minutes following each meeting. They should be available on a regular fixed time schedule as soon after the meeting as possible. They should be distributed both to committee members and to the management level to whom the chairman reports. In this way, the minutes perform an important communications function.

To sum up, here are the steps you need to take to make a management committee work:

Establish committee objectives.

Detail committee functions.

Select membership by organizational level.

Select and adhere to frequency, time and place of meeting.

Prepare agenda in advance.

Assign agenda responsibilities.

Reserve decision-making to chairman.

Prepare comprehensive minutes.

What Are the Benefits?—Let me emphasize once again that using committees in management does not mean managing by committee. An industrial organization consists of individuals, each making decisions within the area of his job responsibility. Committees in management help to improve communications between individuals and improve coordination and planning. In short, committees in management help management do its most important job—make better use of the abilities possessed by the individuals making up the organization.

Here are some of the specific benefits that can accrue to you through the committee:

Better Communications Up, Down and Within—Committee

minutes are a condensed "diary" of the activities of an entire management level. The minutes plus the meetings themselves keep everybody on the same management level informed of what's going on in each department.

By reading the minutes, the next managerial level has a good grasp of the progress being made in every aspect of company business. Committee members can also use the minutes as the basis for briefing the people they supervise.

Better Program Coordination
—There is no program, be it short range or long range, that does not affect other departments in addition to the one initiating the program. Because all groups are brought together on a regular basis to review all activities, it is possible to do a better, more meticulous, job of planning and executing a specific program.

More Effective Management
—Because each man on the committee is fully informed in his area of responsibility as well as in other areas of the company—and has a good grasp of management thinking and objectives, his decisions on a day-to-day basis will be sounder and made more promptly.

Creative Stimulus—A variety of points of view, experience and background is brought to bear on each problem under discussion. The result is a flow of new ideas and approaches that would otherwise not be available.

Stronger Company Identification—Through the management committee, each member develops a greater and more personalized identification with the whole organization. This results from the fact that each committee member plays some role in the formulation of company policy.

A man is not restricted to thinking solely about his own job and department, but is asked, even instructed, to offer comments and suggestions on the plans and activities of every other department.

Develops Managerial Talent
—The committee acts both as a training ground for future managers and as a means of selecting those who would make the best managers. Over a period of time, those gifted with managerial ability soon become more apparent.

Interested in how committees work at Wolverine Tube? See page 33.

How Committees Work at Wolverine Tube

This is the management philosophy at Wolverine Tube, as summed up by D. W. Blend, divisional manager and vice president of Calumet & Hecla, Inc., the parent company.

"Every manager, from the chief executive officer to the group foreman, can best do his job if he will seek counsel of the people who work directly for him. They are the people who do the work, and they are the people to whom he must delegate responsibility.

"On the other hand, the more opportunity each employee has to influence the decisions to be made by the manager of the group within which he functions, the greater will be his interest in the job and the more he will identify his interest with the company's."

Mr. Blend is a product, as well as one of the founders, of the management committees system at Wolverine Tube.

In a period of expansion and modernization, the management committees system has helped Wolverine obtain needed management talent from within its ranks. And

many of Calumet & Hecla's top executives, including H. Y. Bassett, company president, have come from the division.

The management system currently practiced at Wolverine, and now in use throughout the Calumet & Hecla organization, was developed by evolution, not revolution. Even today it is undergoing changes, as requirements change.

In the Wolverine Table of Organization, there are seven levels of managerial responsibility below Mr. Blend, the division's chief executive officer.

The top executive at each level of management, both line and staff, is chairman of an advisory committee consisting of the people who report directly to him.

For instance, the manager of the Detroit plant is a member of the divisional advisory committee, whose chairman is Mr. Blend. The plant manager, in turn, is chairman of the plant advisory committee, whose members are the factory manager, and the managers of plant accounting, purchasing and industrial relations, and so on down through the organization.

ACT ON FACT

by James M. Black

Supervisor Smith was in a hurry. "Let's pump these drums at number 80," he called to Joe Jones.

"Which one of these operations am I to do?" Jones asked.

"Both of them," snapped the supervisor. "Other operators do."

"I can't be responsible for both jobs," was the reply.

"So you won't obey my order? I'll go to the office and straighten this out!" exploded Smith.

He did just that. The result: Jones was given his walking papers. The charge: insubordination.

This incident occurred at a company which produced rare earth chemicals, heavy minerals, thorium and the like. The production work was organized into "sections" which in turn contained several operations. This background will give you a better understanding of the

circumstances of the case, for the employee filed a grievance. At last the dispute came to an arbitrator for settlement.

Now let's examine the sequence of events that led to Jones' dismissal.

A Look at the Record

On the morning of his discharge Jones began work on his assignment of conducting a thorium extraction procedure in the Thorium Section. For three days he had been doing this particular job, which consisted of transferring thorium from one tank to another. The work could be done without close supervision.

Ten minutes after starting time Jones' supervisor requested him to go to the Rare Earth Section—about 50 feet from his regular station—and work there. The grievant did not go. Supervisor Smith again told Jones that he was to work

A SUPERVISOR'S GUIDE TO INTELLIGENT LABOR RELATIONS

in the Rare Earth Section and that this job would be in addition to his regular duties in the Thorium Section. Jones replied he could not do both jobs at once.

At this point the supervisor went to the personnel department, where he discussed the problem with the personnel manager and the plant superintendent. The conclusion reached at this conference was that Jones should be dismissed. Accordingly, he was called to the personnel department and given his discharge papers.

The union argued that the termination of its member was not for just cause; that the company had violated its agreement when it summarily fired the grievant without giving him the opportunity of having his shop steward present. It added that Supervisor Smith had not given Jones "an order," but had merely requested him to do two "full-time" jobs simultaneously, and that Jones was within his rights to refuse.

The company countered, "The grievant deliberately disobeyed an order when he would not undertake a work assignment that was properly provided for in his job description. Jones was insubordinate and disobedient. His past record of reprimands for offensive

acts, which even includes the instigation of and the participation in a wildcat strike, shows his disregard for the company's authority. Therefore, his discharge was for just cause and his grievance should be denied."

The Arbitrator's Opinion

After consideration of the evidence, the arbitrator gave this ruling:

"Management has the right to manage its plant and direct its work force. It has the right to issue reasonable orders and instructions to employees. I am not convinced that Supervisor Smith's order was reasonable. Nor do I believe that the grievant understood he had received an 'order.' The supervisor himself has admitted that he put his instructions to the grievant in these words, 'Would you go over to 80 . . . etc.' When Jones did not do as he was asked, his supervisor abruptly told him that he was responsible for both jobs.

"The company says the wording of the employee's job description sustains its claim that the instructions were reasonable. The job description states that 'an employee is responsible, within reasonable limits, for the operations to which he is assigned.' However, there is evidence that the grievant's

regular job and the one to which the supervisor attempted to assign him were each 'full-time' work assignments. If so, the order was not proper.

"True, the job description says that an operator is responsible within 'reasonable limits' for the operations to which he is assigned. But were these 'reasonable' limits? In view of an interoffice memorandum that was circulated some weeks prior to the incident, I think not. It gives me the impression that management considered the job to which the supervisor directed the grievant as a 'full-time' job for one operator.

"I must conclude that management acted hastily and impulsively in this instance. It did not permit the employee to be represented by his shop steward, even though the contract says: 'If any differences arise between the company and the union or the employees, an earnest effort will be made to settle them.' No effort was made to settle this disagreement. Instead, the grievant was summarily dismissed.

"I will admit that the employee's record leaves much to be desired and that the company was justified in introducing it to sustain its position. The disciplinary offenses of the

employee would fortify and substantiate a discharge based on otherwise proper grounds, particularly where such discharge of a 'first offender' might be deemed unduly severe. But the record of an employee's past offense cannot provide merit to a discharge action that is itself improper.

"For these reasons it is my decision that the company acted without just cause in discharging the employee. His grievance is allowed, and I award that the employee shall be reinstated with full rights and lost earnings."

A Review of the Case

Employee Jones got his job back. Apparently he was not a good worker and had caused his supervisor much trouble in the past. But a man's misdeeds cannot be used against him to bolster an accusation for an act of which his guilt is not proven.

From the record we can only judge that Supervisor Smith acted too swiftly. Chances are he didn't like Jones, and who can blame him? Furthermore, the decision to fire the employee was not made by him alone. The personnel manager and the plant superintendent both concurred with his opinion that "Jones has got to go."

This case illustrates the danger of basing a decision on insufficient information and of ignoring the provisions of the union agreement. If management had allowed the employee to be represented by his shop steward, it might have avoided a difficulty that caused it considerable embarrassment, even a "loss of face." An intelligent discussion and review of the situation might have shown the company that its arguments would be difficult to sustain, particularly in the light of its own memorandum, which indicated that the job which the supervisor attempted to give to Jones was "full-time" work. In any event, management would have cleared itself of the charge that it had violated the contract when it summarily dismissed the employee without allowing him to be represented by his shop steward.

This case appeared in the Labor Relations Reporter. It has been altered somewhat to illustrate certain principles of supervision. All names are fictitious.

If there is any lesson, more essential than any other, for this country to learn, it is the lesson that the enjoyment of rights should be made conditional upon the performance of duty. For one failure in the history of our country which is due to the people not asserting their rights, there are hundreds due to their not performing their duties.

The Arbitrator's Advice

The arbitrator gave some excellent advice in his summary of the dispute. It may be helpful to you if you are ever faced with a case of insubordination. He said: "Discharge is a stiff penalty; for it to be properly based on an employee's refusal to obey an order, several factors must be present. They are:

"1. The order must be reasonable.

"2. The order must be given directly to the employee and understood by him.

"3. The employee must knowingly and without overriding cause disobey the order.

"4. Contract provisions relating to the procedure must be complied with by the company and the union.

"5. The punishment for the offense must fit the offense for which it is imposed."

—THEODORE ROOSEVELT



MARION H. KERSHNER

...from the executive vice-president

NMA Staff Adapts To Meet Varied Needs Of Clubs and Members

IN AN ORGANIZATION AS LARGE and as far-flung as ours, it's impossible for the staff of NMA to have personal contact with more than a small percentage of the membership. It's one of the penalties of bigness. As an individual member, you may have asked "What does the National Headquarters staff of NMA do for me or my club?" That's a legitimate question that deserves a good answer, and I would like to provide a comprehensive view of the goals and principles that have guided the work of the National Headquarters staff for the past several years.

Obligation to the Membership

The foundation of the staff work lies in our firm belief that the first and primary obligation of the NMA staff is to you, the member. It is in the satisfaction of this obligation that guides us in planning for club and member services, management development, public relations and overall growth.

We strongly believe that we must provide a well-equipped laboratory which will permit you, through your management club, to improve your management skills. This basic point is important to you and to the successful growth of NMA.

To offer you a return on your investment in the Association and your future, our programs must keep you abreast of the latest management techniques and methods. You must obtain a measure of satisfaction and attach value to membership in the national organization.

Organization

In the early stages of our thinking and planning, we recognized an important need, the necessity of a strong club organization that could effectively and competently direct club-centered programs. A club poorly managed has little value to its members. In some clubs this presented no problem, but too many did not have the organization that could present adequately the materials we would prepare.

Our first major task, once our sights were set, was to prepare materials for a planned approach to the development of club leaders.

This material was soon forthcoming. Although it was only a trickle at first and not as good as we hoped, the volume grew and so did the quality. Materials have now advanced to the stage where we have kits designed for various club officers and key chairmen. These excellent tools in the hands of club officers lead to greater management development within the club.

Our effort to build good organization did not stop with materials, we also improved the club management conferences and instituted specialized clinics that resulted in a more systematic approach to the development of club officers and chairmen.

The net result has been stronger and better run management clubs that directly benefit the members.

Programming

Once we had a sound approach to club organization, we turned our attention to producing management development programs. The first programs introduced, as many of you will recall, were three presentations using films to stimulate group discussion. These group discussion programs now number 17. Recently we introduced five excellent programs that were largely conceived and developed within the NMA organization. These are:

An Overview of Management; Delegation Be Hanged; Selling America; Issues In Modern Management, and Management Information Programs.

Exploration

Through research and development we systematically investigate new and appropriate programs and courses. Investigation has gone into business games, liberal arts, sensitivity training

and many other areas to discover that which is and which is not suitable for development into a program or course.

Results

The planning and work that has been done, we are convinced, and we hope you agree, is headed in the right direction. Although this is just the beginning, results have been apparent. We have better and more professional looking materials, and more and more clubs are using these materials in their programming. We are gaining greater executive management support for the clubs and the Association, and greater recognition from industry and the general public.

The work has been accomplished within the income of NMA from normal resources. We have not gone over realized income, nor have we been forced to borrow nor to draw on our modest reserve. In some areas of expense we worked very close, and in some cases, had to hold up on projects we felt were important in order to remain within income.

Just prior to and during the time these developments were taking place, several significant things occurred which required the use of our resources and affected membership growth.

We changed the name of the Association which necessitated a great deal of work and some added expense just correcting existing forms. National dues were increased and headquarters were moved to a new location. The new facilities are very definitely an asset to an efficient operation. The recent addition of the new IBM equipment will increase our efficiency even more.

Future

To gain greater recognition and prestige as an authority in the management field, we need more NMA sponsored resident programs of high quality and academic standing.

Our first program in this field is the Advanced Management Institute. This institute is designed to help middle management people sharpen skills and concepts in the important management functions.

Also urgently needed is a somewhat similar type resident program for front line supervision, such as an Academy for Super-

visors. At least a three-day pilot program is being planned for some time in the next fiscal year.

These programs, coupled to a vigorous national public relations program will bring recognition to the profession of management and the Association. You, as a member, will benefit from this identification.

Your management club will remain the basic structure of our Association, and we will continue with the important club-centered programs. To be introduced at our National Convention this month in Atlanta is our newest course, "Principles of Management." This course, along with the new edition of Case Problems for Management, and Issues in Modern Management, will be the first in the series of the 50-hour Management Development Program.

We not only plan to have stronger management development programs, but to further expand Association services into a well-rounded program and activities for clubs and members.

We remain firmly convinced that our first obligation is to you, the member. The continuing strengthening of the club organization, improvement of club programming, continuous research and development, a well-planned program of public relations and promotion, all in proportion to our needs and resources, will fulfill the objectives of NMA. We are certain that this will result in a steady and solid future growth in all of its meaning for us all.

Statement required by the Act of August 24, 1912, as amended by the Acts of March 3, 1933, and July 2, 1946 (Title 39, United States Code, Section 233) showing the ownership, management, and circulation of MANAGE Magazine, published monthly on the 25th at Dayton, Ohio, for October, 1960.

1. The names and addresses of the publisher, managing editor, and business managers are: Publisher, The National Management Association, 333 W. First St., Dayton 2, Ohio; Editor, Carl F. Tossey, 333 W. First St., Dayton 2, Ohio; Business Manager, Peter L. Thompson, 333 W. First St., Dayton 2, Ohio.

2. The owner is: The National Management Association, a non-profit organization incorporated under the laws of the State of Ohio.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner. S/Carl F. Tossey, Editor.

Sworn to and subscribed before me this 18th day of September, 1960.
S/Jean B. Adams, Notary Public. (My commission expires August 1, 1961)

[SEAL]

NMA's Greatest Convention in

the program...

Monday, October 17

All Day — Meetings of the
Board of Directors

Tuesday, October 18

All Day — Meetings of the
Board of Directors

Wednesday, October 19

Morning — Zone Meetings,
Workshop and Clinics

Afternoon — Annual Meeting
of Club Delegates and Members
Board of Directors' Election of
National Officers

Thursday, October 20

Morning — General Assembly

Afternoon — Workshop Con-
ferences

Evening — Annual Banquet

Friday, October 21

Morning — Workshop Confer-
ences

Noon — Club Presidents'
Luncheon

Afternoon — General Assembly

the speakers...



Erwin D. Canham,
Editor,
Christian Science
Monitor.



Thomas W. Martin,
Chairman of the
Board, Alabama
Power Company.



B. F. Coggan,
Vice-President
Special Projects,
Convair Division.



Jerome Barnum,
president,
Jerome Barnum
Associates, Inc.,
Scarsdale, N. Y.

"YOUR PLACE IN MANAGEMENT"

on in the South's Greatest City

7 Information-Packed Talks on Current Management Issues

THURSDAY

"NEW MATERIALS, METHODS AND PROCESSES"

Richard Anderson, assistant to president, Battelle Memorial
Institute. Columbus, Ohio

"VALUE ANALYSIS"

Ken A. Cruise, material manager, Bendix Aviation Corpora-
tion, Kansas City Division. Kansas City, Mo.

"THE POWER OF PERSUASION"

Richard Russell, training specialist, Convair Division, Gen-
eral Dynamics Corporation. Fort Worth, Texas

"IMPROVING MANAGEMENT PERFORMANCE"

Donald J. Pizzimenti, personnel assistant, Detroit Edison
Company. Detroit, Mich.

FRIDAY

"PERCEPTION AND CREATION"

Dr. Ross L. Mooney, coordinator of research, Ohio State Uni-
versity. Columbus, Ohio

"ARE YOU RIDING YOUR JOB, OR IS IT RIDING YOU?"

Dr. Otto R. Nielson, dean of the school of education, Texas
Christian University. Fort Worth, Texas

"DEVELOPING BY SUBTRACTION"

Cloyd Steinmetz, director, sales training, Reynolds Metals
Company. Richmond, Va.

EMENT'S EXPANDING HORIZONS"

New Certification Program

It's Coming Your Way

by Norman George

Manager, Research and Development

The functions of the Research and Development department encompass a wide range of activities. With the major emphasis now concentrated on the planning, designing, developing, and testing of new program services, the department's activities extend to such areas as publication of the MANAGEMENT DEVELOPMENT BULLETIN, special surveys, and the preparation and editing of various other materials and publications. Of the department's various projects, the one that should be of concern to most NMA members is the NMA MANAGEMENT DEVELOPMENT PROGRAM which is described in this article.

The major program being unveiled by the NMA at the national convention is a 22-week course—the NMA Management Development Program—completion of which will entitle the member to a special achievement certificate.

This program is a culmination of a great deal of planning and development. About a year and a half ago, the Management Development Committee of the NMA Board of Directors proposed its development and the Board gave its approval.

The Program Concept

The authorization of a certification program came as the result of a long-felt need. Management education and training, including the programs of NMA and its clubs, has been largely piecemeal and segmentized. There were good reasons for this, of course. The purpose was to meet specific, even though limited, needs. It is a training axiom that designing the programs for clear-cut and specific needs of the participants is a prerequisite to their

effectiveness. This is particularly true in the case of voluntary programs where the competition for members' time is often keen. But pressures for keeping programs relatively short have often resulted in seriously compromising the original training objectives.

But more and more the need for a more comprehensive approach has become evident. In fact, it may well be that the lack of scope of some of our efforts is one of the reasons why some members hesitate to participate. Most of us like to feel that we have covered an area of knowledge and skill development with some degree of completeness. Furthermore, we know quite well that practically all of us strive more willingly when we are aware of a goal to be reached. The completion of a program, with the resulting recognition through certification, should serve as a worthy and desirable stimulus.

The program will comprise three basic courses conducted in sequence. Extending over a period of twenty-two weeks on a one night a week schedule, the three courses are: *Principles of Managing*; *Management Case Problems*; and *Issues in Modern Management*. Each course is designed to achieve a specific objective as indicated below.

Principles of Managing

This is the core of the program. It is a 10-session course systematically covering the basic functions of planning, organizing, motivating, and controlling. Primarily a discussion type course, some presentation by the course leader and considerable reading is involved. Cases, assignments, and discussion are used liberally but primarily for the purpose of clarifying principles and demonstrating their applicability in actual situations. The objective of this course is to enable the participant to develop a concept or model of the total management process using the four basic functions as his frame of reference.

Management Case Problems

This part of the program will extend over six weekly sessions. It consists of intensive drill in applying management principles in problem solving through case discussion. The problems will be analyzed in terms of the four basic functions. The objective is to develop some skill in problem solving and decision-making using the functional model as the frame of reference.

Issues in Modern Management

This is a six-week study-discussion course. The content

deals with the role of the company and the individual manager in our society. The objective is to enable the participant to better understand the social and economic context in which management must perform its function. This is achieved through examining some specific social and economic issues of particular concern to present day management.

In summary, then, the NMA Management Development Program aims to help the manager acquire a unified concept of the management process, develop skill in using management principles in problem solving, and to gain some insight into the social and economic factors with which managers must cope in performing their function.

Administration of Program

The program will be organized and administered at the local level, either through the individual club or the Area Council. All materials, including students' texts and leaders' manuals, will be available through the NMA. Where needed, special orientation seminars for prospective course leaders will be conducted. A very important element in the success of the program will be the selection of qualified lead-

ers. NMA will issue some suggested criteria for selecting the leaders. Standards for attendance and participation will be spelled out in a special guide for each local coordinator. Arrangements will be made through him to grant the certificates to those who successfully complete the program.

Its Significance

The launching of a certification program represents an important step forward for the NMA. The importance is sometimes quite apparent, but sometimes not. While the completion of a course of study, even at the graduate university level, still is not considered a prerequisite to the practice of management, it does represent an educational achievement helpful in preparation for a management career. Perhaps it is not unrealistic to conjecture that a management educational program, continuously improved and administered with strict adherence to stringent standards, will eventually gain such acceptance and recognition in the industrial world that many will view it as one of the vital prerequisites to the practice of management. In all probability, manager certification, if it does reach this stature, will involve requirements

in addition to the educational ones. But it is certain that the educational requirement will be of prime importance.

There is yet another significance to the initiation of this program. Any organization or agency that embarks upon a certification program finds it necessary to ponder and examine very carefully just what should be included in the training and education of a manager. No one has yet answered that question with certainty, but an organization such as NMA should be continuously weighing it. The certification program will undoubtedly cause the NMA to focus even more attention upon the problem. This is a healthy thing. Its benefits can be extensive and profound. At the very least, it should guide the NMA in its program development. At best, it will even help the organization more sharply define and refine its over-all objectives.

The certification program opens up another possibility. An organization as close to the industrial world as NMA, with its membership made up of practicing managers, is in an ideal position to actually test the validity and rationale of a management education curriculum. Adoption of a research approach to its educational

program on the part of NMA and its affiliates could reap benefits far beyond the realm of the NMA itself. In short, the NMA is in an excellent position to help bridge the gap between theory and practice.

Other benefits should become more immediately apparent. In the process of designing, organizing, and administering the program both the NMA and the clubs should gain new information and insights that will help in shaping the whole range of their education and program activities. For some clubs this may mean a clear and more realistic appraisal of what the monthly meeting program should accomplish. For others it will mean a basis for developing a more complete educational program extending over the next several years. In some cases, it may even mean a complete re-evaluation of club purposes and objectives.

Undoubtedly it will require some time for this program to gain wide acceptance within the NMA. It is desirable, in fact, to proceed slowly and assure adherence to minimal standards of quality. If progress does seem slow in some instances, we should keep in mind that the edifices that still stand are those built upon a solid foundation.

It's A MOST IMPORTANT Job!

by John W. Brown

Manager of Club Service

One of the very important jobs the NMA Club Service department has is the development and motivation of the management men who guide NMA's 320 clubs.

And that, of course, means that each of the zone managers must do everything he can to be sure that the highest percentage of his time is spent in "SELLING" management development programs and ideas.

Activity reports flowing in from all sections of the country indicate a trend is developing to present more programs of a management development nature than ever before.

These reports indicate the outstanding job being done by the zone managers, and the future promises still more emphasis on this type of activity. Not only do the reports show a desire for more management development in their monthly programs, but also reveal an increase in the number of clubs offering educational courses and plant tours as supplement to the regular membership

meetings. Provocative NMA group discussion programs have frequently been used in series of from six to 10 weeks comprising a complete elementary course in supervisory development. NMA package programs introduced in late 1959 and early 1960 provide a natural follow-through.

New interest in management development programs is in large part the result of the field activities of the zone managers. After creating interest, they have shown how new programs can be accomplished through demonstrations and training of discussion leaders.

NMA's seven zone managers devote their efforts primarily to club leadership development activities such as the club leader indoctrination (or club management conference); clinics for committee chairmen; executive officer workshops; council activities; and individual counselling wherever possible.

Like the national director, the zone manager plays a dual

role in the field. Besides servicing existing clubs, he is also concerned with expanding NMA's sphere of influence through the formation of new management clubs. In this effort, national directors and officers of our clubs have often been helpful in providing leads with names of non-member company officials who have shown interest in their club. The zone manager is strongly promotion-minded and intensely aware of the need for membership growth if NMA is to realize its potential role as a vital force for leadership development in American industry.

A less dramatic, but none-the-less important, function of club service is the distribution of program and education aids to member clubs. Besides administrative detail, this entails being alert to needs of members in the field and recommending projects for further study by the research and development department. Club officers are invited to correspond with the manager of club service for advice or information on the now-quite-sizable store of NMA program aids and how they may be best used in their club.

As we see it now, future trends will find the zone man-

ager increasing his activity with councils and other groups. Through these activities he will find opportunities to meet and counsel club officers with greater frequency and effectiveness than in the past. An increasing flow of program and education aids from national headquarters will bring new demands for demonstrations and instruction which can best be carried on through the area councils.

He will be less of a "doer" and more of an organizer. Besides adding to his effectiveness in working with club officers, this should allow him to spend more time on new club promotion than in the past.

Club officers have commented on the improvements in club service experienced in recent years. Prospects are bright for continuation and expansion of this service in the future with the result that NMA will soon be the major source of material for both program and education chairmen in many, perhaps most, of our clubs. The result will be better planned programs, greater member participation, and less reliance on unknown, untested, but often high-priced speakers whose message is often irrelevant and soon forgotten.



*In a Guatemalan village,
a young boy waits
—cup in hand—for his daily
free ration of milk.*

Countless American boys and girls are getting ready to follow the example set 10 years ago by a few Sunday school pupils who donated their Halloween "treats" of coins to the United Nations Children's Fund. Last fall, despite bad weather in most of the nation, Trick or Treat for UNICEF pennies, nickels and dimes totaled \$1,500,000.

Young Americans who wrap the familiar orange and black UNICEF label around a milk carton for the first time this Halloween, and those who are

TEN GIANT STEPS

getting ready to wear a UNICEF tag once again, feel rightly proud of their participation in history's greatest project carried out by children to help children. They know that a single penny given to the Children's Fund can mean enough vaccine to protect a youngster against TB; a nickel can represent the penicillin to cure a case of yaws; 20 cents represents the antibiotics to treat a child for trachoma; 50 cents can supply enough DDT to protect four children from malaria for a year; and \$1 can provide sufficient sulfone tablets to treat a young leprosy victim successfully for three years.



ROBERT D. GREEN



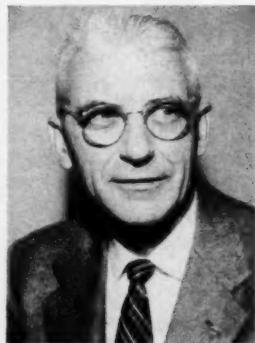
JOHN HAMMON



J. V. KAPPLER



THEODORE F. HARNACK



VINCENT J. LINN

What Our Zone Managers Are Saying



CHARLES E. NELSON



W. F. JOHNSON



ZONE "A"

by J. V. Kappler

In one of its busiest years, Zone "A" during 1959-60 experienced a growth of 1,500 members—an impressive gain of eight per cent. This growth represents development of the potential for membership within existing clubs rather than the establishment of new clubs. It is the direct result of better organization within the clubs, more enthusiasm for the idea of professional association among our members and increased effort on the part of membership and booster committees.

The spirit which developed this growth is reflected in many other ways: In the extended educational activities, both internal and academic which are being presented by NMA; by the development of many projects within the clubs both civic and charitable in nature, and by the expansion and strengthening of the Councils which serve Zone "A" members.

One major idea that is changing the face of the Zone "A" clubs is the rapidly expanding concept of a corporate structure for the club itself. In order to more closely ally the experience gained in clubs with the

job of the supervisor, the structures of the clubs and their activities are developing along corporate organization lines. Clubs are using their board of directors as a board rather than as a committee of the whole. The more important functions within the club are headed by a manager or a vice president. More extensive use is being made of research and development committees within the clubs. Executive advisory committees are being brought into policy deliberations of the board of directors and their advice and experience is being used to create better policy for club operations.

Zone "A" expects some major problems in the ensuing year, but everyone in the zone will meet the challenge in an all-out effort to minimize the effects of the problems.

What are some of these problems? Here are three major ones:

1. The problem of communication, which is becoming increasingly important as the scope of club activities expands.

2. The problem of continued membership expansion. A great number of NMA members in Zone "A" are in aircraft, electronics and missile industries which are currently experienc-

ing major cutbacks in many areas. These cutbacks could conceivably result in a loss of membership unless membership could be established on a much wider basis.

3. The problem of financial support from companies. Since many companies are in a much tighter competitive situation, they are unable to authorize expenditures for certain types of participation which have been prevalent in previous years.

The enthusiasm and interest of the national directors in Zone "A", the executive officers of the clubs and executives from participating companies are expected to meet and overcome most if not all of these problems in the coming year.

ZONE "B"

by W. F. Johnson

Zone "B's" record for the past year was outstanding, considering the job that had to be done in the face of challenging conditions.

Teamwork of the highest order was necessary to accomplish the record of the past year—with the zone vice president and directors all contributing their full share. The zone can be proud of its achievement despite the fact it

was without a zone manager for a substantial part of the year.

Area Councils met the challenge by giving their best efforts, and the remarkable record of the zone proves that they measured up. NMA's largest zone geographically contains three major concentrations of clubs—St. Louis, Tulsa and North Texas areas, the latter comprising Ft. Worth, Dallas and surrounding counties.

To promote new clubs, the Indian Nation Council formed a special committee of three directors and three delegates, all former club officers. Their enthusiasm promises favorable results in the coming year.

A new organization chart providing for diverse council activities has been approved by the St. Louis Area Council. Outstanding in these activities is the giving of assistance (financial, if necessary) to area clubs in need of it. Typical is the assistance given the relatively new Greater St. Louis club—a city club—in enlarging its membership. The Council is presently engaged in extending invitations to outlying clubs within a distance of approximately 150 miles to become members and take an active part in council activities. This provides an excellent oppor-

tunity for the outlying clubs to increase their sense of "belonging" by becoming part and parcel of an active area council.

Three successful workshops and conferences were held with more on tap before the end of the fiscal year. Enthusiastic response greeted the February 20 management conference conducted in the St. Louis area. On March 19 an executive officers' workshop proved a strong drawing card with club officers and zone directors coming from as far away as Tulsa.

Most notable of activities was a "Workshop on Directive Energy" conducted by the Indian Nation Council in Tulsa. Jerome Barnum, internationally known management consultant and lecturer, conducted the workshop.

The Convair Management Club of Ft. Worth, largest in the United States, staged a tremendous conference in Ft. Worth featuring three noted speakers and 34 exhibit booths, each depicting one of the civic, cultural or personal development activities sponsored by the club.

All of the clubs in Zone "B"—(practically without exception)—increased their membership during the year. A gratifying interest in civic projects, particularly among the outly-

ing clubs located in small towns, has been shown. As an example, one club from a farm machinery plant designed and built a mechanical tree planter and donated it to the county chapter of the Future Farmers of America for use in its soil erosion project. Many clubs sponsored Junior Achievement projects and Toastmaster Clubs—all of which is important in forming a good club image.

The "share-the-knowledge" philosophy of Zone "B" clubs reached its peak when one club from a plant engaged in the manufacture of rocket engines was offered the services of an outstanding speaker on the nation's missile program. The public relations-wise club staged the program in the municipal auditorium and opened it to the public.

Interest is running high among clubs in the practical politics courses and is expected to intensify as the political campaigns develop.

Zone "B" presents one of the most fertile areas in the country for new club promotion. Both clubs and area councils are showing increased interest in this phase of NMA activities.

As we enter a new year, backed by all officers and directors, we look forward to continued growth both in individual members and in new clubs.

ZONE "C"

by Robert D. Green

Once again in 1959-60 the Zone "C" team turned in an outstanding performance. The zone includes the states of Ohio and West Virginia with 8,300 members representing 13 per cent of NMA's membership.

Three new clubs joined NMA in the past year. Granted charters were the Chardon Rubber Company Management Club; the Mallory-Sharon Management Club, and the Chrysler Management Club.

Strong efforts were made to bring an effective management development session to all members. Successful development conferences were staged by area councils while individual clubs sponsored other conferences.

A well-planned city club clinic attracted some 50 members to Toledo in June. Those attending came away with new ideas gained in stimulating workshop discussions.

Granville, Ohio, was the site of the first NMA Advanced Management Institute in January with a large group of middle management men sitting in on the various programs.

A wide variety of educational and management development programs was of-

fered members. Civic-minded clubs awarded scholarships, furnished advisors for Junior Achievement, donated funds to worthy causes, and took part in many other activities. Program committees worked diligently to produce monthly meetings of value and interest. Many clubs put the newest NMA programs into action.

Clubs in both states continued to win Excellent Club Awards although there was a decrease in the total number of winning clubs during the past year. Tri County Management Club of Parkersburg, W. Va., and Basic Management Club of Maple Grove, Ohio, won the Excellent Club Award for the ninth year.

The NMA had its beginning in Dayton, Ohio, 35 years ago. To mark this significant occasion and honor the charter member clubs — Toledo and Springfield — the Association will hold a birthday party in October in Dayton. Not only will the party honor the clubs, but also the men who were instrumental in founding the NMA (originally known as the National Association of Foremen).

Two highly successful sports events were held in the zone during the fiscal year. The 12th annual NMA Bowling Classic and Telegraphic tournament

was held at Lima, Ohio, and attracted 1,400 participants. The Lima Management Club sponsored the popular event. A large field of golfers from NMA clubs in northern Ohio took part in the H-W Windham Management Club sponsored golf tournament in Akron, Ohio.

Plans for 1960-61 call for strengthening the existing clubs, extensive promotion of new clubs and area councils, increasing communication between clubs and top management and getting all members to participate in their club and NMA activities. Accomplishment of these goals will make the coming year even greater than last.

ZONE "E"

by **Charles E. Nelson**

Zone "E" throughout the past year grew steadily and, we believe, soundly.

The past year was marked by the establishment of a zone office which has permitted a step-up in promotional activities. It has also increased the effectiveness in service to clubs, the directors and council officers.

Opening of the zone office has resulted in an extensive promotional campaign by the zone

manager. The record speaks for itself. During the past year contacts were made with 135 companies, eight Chambers of Commerce, eight associated industries, seven universities and colleges. By the end of this year 18 new clubs in the zone are expected to affiliate with NMA.

To meet the challenge of greater club service, the zone has developed in Alabama a new group called the Educational Advisory Council, composed of members from the Birmingham Chamber of Commerce — Committee of 100, American Society of Training Directors, Associated Industries of Alabama, executive management personnel from associated and non-associated companies, and NMA. The Council has gone through a reorganization which has and will bring about better communication between clubs and provide for additional local club services.

Zone "E" is famous for its Spotlight conferences. Success gained through these conferences instigated a special promotion campaign that is responsible for new clubs in new areas of the South. We believe the conferences to be one of our most outstanding programs, one which had its beginning in Alabama and has

spread to Tennessee and Florida.

Looking to the future, plans are now well underway to provide new clinics and programs for NMA clubs starting in November.

During the past year the Alabama and Kentuckiana Councils have held program, education, and booster-membership clinics as well as a newly instituted semi-annual dinner meeting of executives of NMA industry in the zone.

Continued progress was made by many clubs with several holding successful club leadership conferences and NMA management ethics conferences. The club executive officers' workshop showed the results of careful planning by experienced and capable committees. A new plan is being developed for councils which it is hoped will be adopted by Zone "E" councils.

The achievements of the past year in Zone "E" are a tribute to the teamwork, spirit and ability of the members of our clubs and councils, all dedicated to the task of providing the best in leadership and service. We believe we have considerable momentum in Zone "E" and that we should fully measure up to the challenges and increasing opportunities ahead.

OCTOBER 1960

ZONE "F"

by Theodore F. Harnack

The year 1959-60 was one of great challenge and solid accomplishment for Zone "F."

There was an upswing in zone activity and more management conferences, joint meetings and clinics were conducted than ever before. Challenges were met head-on with hard-hitting programs. Members worked long, hard and fully upheld the traditional spirit, teamwork and ability of the NMA.

The record speaks for itself.

Reactivation of the Western Pennsylvania Area Council highlighted the activities during the year. A successful management conference was held in September at St. Vincent College, Loretto, Penna., at which all major areas of club operation were discussed.

Zone "F" pried the lid off 1959-60 activities with the 14th NMA Management Conference at Allegheny College in Meadville, Penna. Featured speakers included Dr. Carl Winters of General Motors, and Godfrey Schmidt, prominent New York attorney. Adding to the conference's success were product displays by local companies.

Attendance records fell at both the New York and New

England Area Council's management conferences. Exceptional programs and speakers accounted for the new marks. Harley Jones, executive vice president of Republic Aviation Corporation, and Victor Riesel, well known Labor columnist, spoke to the New York group while Emmet Judge, vice president of marketing of Ford Motor Company, addressed the New Englanders.

These new attendance records are strong indicators that there is a growing need for management men to get together and swap ideas. Realizing that one of the greatest needs is for activities which bring together members of groups of clubs, Zone "F" officers will continue to strive for more joint club meetings and area council events.

Two joint meetings produced gratifying results for members of the Western New York Area Council and the Bendix-York and Oliver Management Clubs. NMA President Don Tuttle spoke to both groups in Buffalo, N. Y., and York, Penna., respectively.

Effective booster clinics were held in Pittsburgh and York under the auspices of the National Supply and Bendix-York management clubs. The zone manager led an enthusiastic group discussion and presented

a demonstration of "Overview of Management."

Twenty-seven of the 52 clubs participated in either a club leadership indoctrination or a club management conference under direction of the zone manager.

One of the most gratifying experiences of the year was the chartering of the Lockheed Management Club, Atlantic City, N. J., in January. Rahland Zinn, vice president of Lockheed Aircraft Service was the speaker at the charter meeting.

Plans for Zone "F" in the coming year are to sponsor more program, education and booster clinics, to present an executive officer workshop and bring new clubs into the zone.

During the past year the zone had the unique experience of making four Silver Knight presentations and two Gold Knight awards. Silver Knights were awarded to D. A. Hillstrom, president of Corry-Jamestown Company (Steel Age Management Club); G. S. McKee, vice president of Talon, Inc., (Talon Management Club); L. E. Larson of A. Schrader and Son Company (Kings County Management Club); and D. M. Brown, manufacturing vice president of American Chicle Company (Queens County Management Club).

Recipients of the coveted Gold Knight were R. C. Zinn, vice president of Lockheed Aircraft Service (New York Area Council), and Morris Falk, board chairman of Independent Lock Company (New England Area Council).

Zone "F" has the firm foundations on which to move forward to new achievements in the Golden 60's, but only if all members in the zone polish their skills and abilities as leaders to give NMA programs and activities true meaning and direction.

ZONE "G"

by Vincent J. Linn

Progressive strides were made by Zone "G" in 1959-60 with the introduction of many new programs and activities.

Missionary zeal of NMA directors, clubs and councils was evident throughout the year and was largely responsible for the formation of a new club—Magnavox Management Club of Urbana, Ill.—with still another club in the organizational stage. Promotion contacts indicate the possibility of clubs in five other locations in the zone before 1960 bows out.

NMA's growth in Zone "G" during the past year has a paradoxical twist. Although there

was an economic slow-down within the zone, NMA membership continued to show increases. While some clubs lost members because of prevailing economic conditions, others achieved 100 per cent of their membership potential. Most of our clubs witnessed an increase in membership potential this year.

In club education there was a marked improvement throughout the zone. Such NMA programs as "Overview of Management" and "Selling America" met with overwhelming response, and "Delegation Be Hanged" received enthusiastic support of many clubs.

Group discussion programs were used to good advantage as educational features. Joy Management Club of Michigan City, Ind., presented a series of six weekly discussions utilizing films supplied by NMA as the basis for the programs. A city club — Dubuque Management Club of Dubuque, Iowa—presented several leadership training classes aided by services of the State University and industry. Wisconsin Valley Supervisors Council of Wausau, Wis., arranged with the local vocational school to provide courses for which members thought a need existed.

Members of many clubs gained a keener insight into the

workings of politics through participation in courses in practical politics arranged with the cooperation of local Chambers of Commerce. NMA Management Problems are being put to effective use by the training director of a large company in his course directed to foremen.

The zone's three area councils continued to grow in stature and influence. Only a few years ago the council's sole activity was the management conference. Today its activities have broadened to include education, better club programming, inter-club communications and new club promotion and development. In the Chicagoland area, where there is a concentration of clubs, the council is working on an ambitious plan to provide needed education through local universities.

During the past year the zone manager attended eight council meetings, three area conferences and conducted 37 club leaders' conferences. In addition he supervised education clinics at Chicago, Gary, Ind., Oshkosh, Wis., and Minneapolis, Minn.; a program clinic at Oshkosh; a secretaries' clinic at Chicago, and an executive officers' workshop at Chicago. Efforts will be made to repeat and expand this latter event next year. Our ultimate goal is to present a zone-wide work-

shop for all presidents and vice presidents each summer.

Management men in Zone "G" have a golden opportunity to gain excellent leadership training as a national director. Because of the zone's broad geographical area, there is a pressing need for additional directors to cover the territory.

Executive management is more aware than ever before that NMA provides a vehicle for better communications and the development of professional attitudes. Clubs realize that identification with NMA gives them added professional stature. The future is bright, but only by expending extra effort can we meet the challenges that lie ahead.

ZONE "H"

by John Hammon

Zone "H" continued to make new gains during the past year as shown by the many NMA club and area council activities and programs that helped bring a number of NMA advantages to affiliates in the Hoosier and Wolverine states.

Considered one of the most significant activities was the Club Executive Officers' Workshop in April attended by 21 club presidents and vice presidents. Highlighting the work-

shop was a talk by a past NMA president, Jack Post. Zone vice president Andy Squier served as chairman.

Well-run operations of area councils contributed much to the strength and vigor of Zone "H" clubs. Among these was the Wolverine Council, four-time recipient of the NMA Excellent Award, and last year recognized as the No. 1 area council in the association.

Although the success of the annual NMA national convention held last Fall in Detroit belongs to the cooperative efforts of many, the Greater Detroit Council played an outstanding role in its program. Another highlight of this council was the awarding of a Gold Knight to a prominent industrial leader.

A plan has been proposed for the formation of a new area council in Indiana which would include nine clubs in the Ft. Wayne and Terre Haute areas.

Zone "H" marked a "first" with sponsorship of a week-long National Defense Resources Conference by the Wolverine Council. This community activity was carried out with the cooperation of the Office of Defense Mobilization.

A different, if not unique, civic project occupied the Kokomo Foremen's Club during

the year. Through the project the club sought to familiarize citizens with the danger of radiation fall-out in the event of atomic attack. Acclaimed widely by civic officials and civil defense authorities, the project has been suggested as a pattern for other cities to copy.

Nine hundred people from member and non-member companies in southwestern Michigan were on hand for the 11th annual management conference in February. Sponsored by the Wolverine Council, the conference theme was "New Horizons in the Soaring Sixties."

More management conferences are billed in the future. The Terre Haute club will present its first one-day conference on October 15, 1960, and the Greater Detroit Council plans a similar conference in 1961.

Efforts were successful in having every club in the zone represented at both a program and a booster clinic conducted in Detroit, Battle Creek, South Bend, Kokomo and Elwood.

A special clinic for club secretaries was sponsored in March by the Michiana Council and seven clubs sent representatives. A number of city clubs in Zone "H" took part in the second NMA city club clinic in Toledo last June. The clinic

was sponsored by city clubs of Zones "C" and "H".

Newest club in the zone and already making outstanding progress is the Chrysler Indianapolis Management Club.

As Zone "H" looks ahead to

1961, all signs point to another banner year of achievement and growth. The zone is confident that members will meet the challenges as well as the opportunities with vigor and enthusiasm.

NMA CLUB ANNIVERSARIES

OCTOBER

- 5 Years:** The Mallory Management
Men's Club Indianapolis, Ind.
Hayes Management Club Birmingham, Ala.
- 10 Years:** Sylvania Management Club Woburn, Mass.
San Fernando Valley
Management Association San Fernando, Calif.
- 15 Years:** American Air Division
Management Club Louisville, Ky.
- 35 Years:** Springfield Foremen's Club Springfield, Ohio
Foremen's Club of Toledo Toledo, Ohio

NOVEMBER

- 5 Years:** San Juan Management Club San Juan, P. R.
Jacksonville Management Club Jacksonville, Fla.
Kentucky-W. Virginia Gas Com-
pany Foremen's Club Prestonburg, Ky.
- 15 Years:** Greater Portland Management
Club Portland, Ore.
- 30 Years:** The Battle Creek Management
Club Battle Creek, Mich.

The Secretary- Treasurer's Report

The accounting firm of Arnold, Hawk and Cuthbertson has completed their annual audit for the fiscal period from July 1, 1959, through June 30, 1960.

A review has been made not only of what has been done in a dollar and cents value, but also a review of the objectives originally planned for the past year, how well they were accomplished and their effect on the year-end financial statement.

Please note the comparative balance sheet and income and expense statements for the fiscal year of June 30, 1959, and June 30, 1960, which appear on the subsequent pages.

It is significant to note that as reported and planned in the past, one of the main objectives was greater emphasis on field service, promotion and programs for the benefit of the Association membership. With these planned objectives in mind, it is noted by the comparative departmental expenses that additional expenses were incurred in the process of fulfilling these objectives. The departments affected were namely, General Office, General Service, Field Service and Research and Development. In order to provide additional funds for accomplishing these services, revisions were made in the General Administrative and Educational departments.

At present, there are more programs available than in the past and several new programs are in process, which will be released in the near future. Details on these will be forthcoming at the national convention in Atlanta.

Though the financial statement for the fiscal year ending June 30, 1960, reflected a loss, the financial condition of the Association is very favorable and remains similar to that of the prior year. It was unfortunate that the time element of some clubs changing their fiscal year periods affected the past year's financial statement by approximately the amount of reported loss. However, if these clubs had renewed at the same time as in the past, the operations for the past year would have been on a very close to breaking even basis.

There will be many new problems to face during the next year which must be and will be overcome by the board of directors, officers and staff and with the thought always in mind of service to the Association membership. I can only see a very favorable future and growth of the National Management Association.

*Respectfully submitted,
Walter Lynn
NMA Secretary-Treasurer*

**Comparative
Balance Sheet
1958-59 & 1959-60**

Current Assets

June 30, 1959

June 30, 1960

CURRENT ASSETS

Cash	19,364.90	11,964.57
Accounts Receivable	41,727.11	52,464.75
Inventories	4,661.85	4,459.82
TOTAL CURRENT ASSETS	65,753.86	68,889.14

INVESTMENT AND OTHER ASSETS

Investments	49,762.47	50,851.21
Prepaid Expenses & Deferred Charges	2,311.70	2,061.81
TOTAL INVESTMENT & OTHER ASSETS	52,074.17	52,913.02

PROPERTY AND EQUIPMENT	82,136.61	84,853.33
Less Accumulated Depreciation	24,306.59	27,257.47
Net Property & Equipment	57,830.02	57,595.86
TOTAL ASSETS	175,658.02	179,398.02

**Comparative
Statement of
Income and Expenses
1958-59 & 1959-60**

Income

June 30, 1959

June 30, 1960

Membership Dues & Subscriptions	367,684.80	383,187.25
Registration Fees	22,245.00	25,947.00
Grants from Foundations	12,000.00	12,000.00
Seminar Fees Income	4,175.00	3,900.00
Annual Conference Income	9,499.93	7,396.03
Other Income	14,458.98	9,993.34
TOTAL INCOME	430,063.71	442,423.62

Current Liabilities

June 30, 1959

June 30, 1960

CURRENT LIABILITIES

Accounts Payable	5,979.78	17,747.29
Taxes, Payroll & Sundry	4,277.20	4,917.16
TOTAL CURRENT LIABILITIES	10,256.98	22,664.45

RESERVES

Investment Reserve	49,762.47	50,851.21
Deferred Income	1,481.00	2,304.90
TOTAL RESERVES	51,243.47	53,156.11

CAPITAL

Excess Assets over Liabilities	114,157.60	103,577.46
TOTAL LIABILITIES, RESERVES & CAPITAL ...	175,658.05	179,398.02

Expenses

June 30, 1959

June 30, 1960

General Office Expense	82,023.85	86,077.37
General Administrative Expense	44,563.01	30,804.60
General Service Expense	52,996.31	58,128.35
Field Service Expense	111,032.32	115,095.60
Education Expense	35,053.24	25,634.61
Public Relations	15,679.31	14,675.93
Research & Development Expense	—	29,833.79
Magazine Expense	73,073.84	73,441.72
Annual Conference Expense	13,564.89	13,163.46
Depreciation Expense	2,666.97	2,859.50
Other Expenses	2,339.67	3,288.83
TOTAL EXPENSES	432,993.41	453,003.75
INCREASE OR (DECREASE)	(2,929.70)	(10,580.14)

WHERE 1959-60 NMA DOLLAR CAME FROM
TOTAL NMA INCOME \$442,424.00

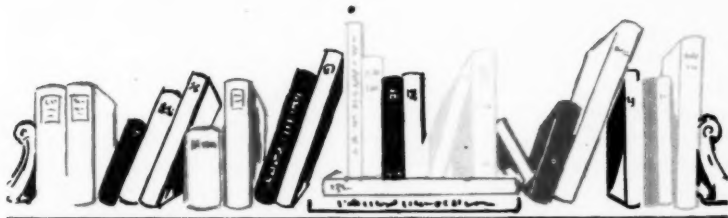
All Other	2 cents
Conference	2 cents
Seminar	1 cent
Grants	3 cents
Registration Fees	6 cents

Membership Dues—86 cents out of the dollar

HOW 1959-60 NMA DOLLAR WAS SPENT
TOTAL NMA EXPENSE \$453,004.00

Other Expense	.7 cents
Capital Expenditures	.6 cents
Convention	3 cents
Magazine	16.2 cents
Research and Development	6.6 cents
Public Relations	3.2 cents
Education	5.7 cents
Field Service	25.4 cents
General Service	12.8 cents
General Administration	6.8 cents
General Office	19 cents

MANAGEMENT BOOKSHELF



PROBABILITY AND STATISTICS FOR BUSINESS DECISIONS

by Robert Schlaifer

*This month's selection is reviewed
by Norman George, NMA manager of
research and development.*

This month's selection is a book that already has been acclaimed as one of the most important contributions in a field that is still in a highly developmental stage—decision-making under conditions of uncertainty. The sub-title of the book, "An Introduction to Managerial Economics Under Uncertainty," describes succinctly what this volume is about. This book, in fact, is considered probably the only available non-mathematical introduction to decision-making under uncertainty, based on the foundations of modern utility theory and "personal" probability.

Books on business statistics often are found wanting in two respects: First, many of them have not incorporated the many new developments in statistical theory in recent years; second, they often do a less than satisfactory job of focusing on business needs in particular. This book, on the other hand, is an exceptional job on both counts.

In recent months and years, we have had publications that purport to deal with "managerial decision-making theory." But most of them do not, in fact, treat true decision theory. Schlaifer does, and does an excellent job of it. All concepts are developed using specific business problems which, though necessarily simplified, are realistic and pertinent.

One of the chief values of this book is its organization and readability. This is the result of Schlaifer's teaching a course

based on this material five times at the Harvard Graduate School of Business. In reworking both presentation and organization, he has arrived at a conciseness and clarity that is rare in this type of book. His striving for non-mathematical terminology in so far as possible has resulted in the book's being fairly lengthy. But this reviewer feels that even those readers with mathematical sophistication will appreciate his objective and feel that price paid in length was well worth it. This is not a book you breeze through in an evening

*A handy order form will
be found on page 73*

or two. Rather, it is one that should be read more than once, first for a general grasp of the major concepts, next for more depth. From then on, it will serve as a very important reference.

Who will profit from this book? Most obviously, of course, the management analyst or scientist—operations researchers and anyone involved in mathematical decision-making. For these people it is a "tool" book, although it is not a complete introduction to operations research, for instance. For these people, also, it does make certain unique

contributions, especially in analyzing problems where the required long-run frequency distributions are not known with certainty and one needs to appreciate the very serious dangers in treating an estimate as if it were the true long-run distribution. It is useful, also, in such areas as the use of expected monetary value as the criterion for a decision and the operations researcher's own decisions regarding the number of experiments required in a study.

But this book is also most valuable to those managers who need to have some understanding of the logical foundations for applying probabilistic analysis to business decisions. These people will increasingly need to know and have some perception of the philosophy of this approach for making decisions and developing strategy. In many industries acute problems are mounting largely because many high level managers are required to make policy and decisions based on data whose nature they don't quite understand.

It is an axiom that the manager of today must not only keep up but anticipate future knowledge needed. For those who agree with this, Schlaifer's book represents a sound investment.

America . . .

A Changing Face

by Michael S. Roberts

Uncle Sam is going to take on a new, more modern look in the years ahead. He'll be tougher, but carry a more worried look and heavier burdens.

The new America will emerge partly as a result of the choice voters make at the polls in a little less than a month. But the changes in this country's policies, its economic and business life, even in personal activities also will stem from shifting pressures of political and economic developments, both here and abroad.

Out of the recent massive dose of politically-inspired speeches, government reports, and fast-moving international situations a pretty firm picture can be sifted of what's in store for the country over the next year or so. It's a fascinating panorama—and in spots, a little frightening.

Top career government experts in a wide range of fields, talking privately, paint a picture of continually rising

wages and productivity, some cost increases, and shorter working hours. But at the same time, some bitter labor battles and seriously increasing world tensions are also on the horizon.

One basic trend of the post World War II era which will continue and at a quickened pace in the 1960's is the shrinkage of our world. Rapid growth of communications and jet air travel are further tearing down old national barriers. Trouble half-way around the world in the future will be almost as important as an outbreak on our doorstep. The increased Communist threat thus is helping shrink the globe.

World Tensions Ebb and Flow

The world is entering a period of political indigestion. Right now it's an uncomfortable illness. Conceivably it could turn into a critical, even fatal ailment.

But most international ex-

perts don't expect the world to fall over the brink into World War III—although they do expect that it will be perilously close to it many times. The hope of avoiding limited wars, such as the Korean conflict or even smaller outbreaks, isn't as good. Obviously, the expected ebb and flow of world tensions lies in the hands of the Russians.

The tempo of Russian Premier Khrushchev's venomous outbursts against the Free World, and his interference in vast areas of the world (such as Cuba and the Congo) will not abate. While there may be lulls, the over-all volume will continue.

U.S. intelligence experts are convinced that the Russian military clique has a political gun at Mr. K's head, forcing an end to the old "peace and friendship" policy. This changed attitude, evident in many ways, will have a profound effect on our domestic future as well as our international policies. It will affect each American.

The U-2 spy incident probably best characterizes the problems we face in future cold war sparring. When the high-flying observation craft after four years finally dropped to an altitude at which it could be forced to the ground, it became

a slightly tarnished propaganda tool. But it forced the Reds to face up to their own defensive inadequacies and the need to step up their economic and political campaign to gain control of the uncommitted areas of the world and try to move into the Western Hemisphere.

The results of this increased activity have already become abundantly clear in recent developments in Cuba, in Africa, and to a lesser extent in Asia.

State Department aides, Congressional leaders, and Pentagon officials are convinced that we won't see World War III as a nuclear holocaust. They also believe that the odds are 60-40 or so against this country becoming involved individually in any brush fire wars. There will be disturbances, they know, but they believe the United Nations police force will be able to deal with them.

How will this trend affect management, including foremen and supervisors?

It will mean quickened production, changing products, bigger government.

Defense spending will climb steadily upward in the fiscal year ending next June 30, even higher than the \$41.5 billion already appropriated. In the next few years, it may well rise toward a new peace-time high of close to \$44 or \$45 billion.

The pattern of defense procurement will shift again. More missiles, electronic gear, high speed planes will be purchased. But there will also be increases in modern versions of more traditional weapons. The Navy's ship building program—mostly huge nuclear subs and large missile ships—will increase. The Army is entering a new "total mobility" phase. Eventually, no soldier will walk. This will mean new high-speed, modern, weapons and personnel carriers.

In taxes, any chance for major cuts appear to be out the window. There may even be some increases, although not for at least 18 months. Higher levies may be needed to pay for the enlarged defense outlays and for new and larger loans and grants to newly-developing nations, particularly in Africa and South America.

As a sidelight to this thickening world atmosphere, the number of "spying" incidents will increase. Russia, the U.S., and some other countries will undoubtedly use espionage charges, deportations, and similar maneuvers as propaganda weapons in the fight for the uncommitted countries.

Economic Battle Stiffens

The economic battle between the free and Communist worlds

is also becoming more taut, with the Reds putting on most of the pressure. They've rapidly stepped up their assaults on the markets of the world. Russian machine tool prices for export to other countries have been sharply cut. So have prices on a number of other export items in an effort to weaken the free world by undercutting the foreign markets vitally necessary to high production.

This country has also been fighting to expand its export markets. This trend will increase, through more favorable tax incentives to U.S. firms selling overseas and through pressure by the U.S. government on friendly foreign countries to reduce their tariffs on our products. But it will be a slow, painful process.

In attempting to strengthen sales abroad, the U.S. will have to make it easier for countries abroad to send their products to this country. The first major steps will be taken this fall and winter at a meeting in Geneva of the 33-nation General Agreement on Tariffs and Trade (GATT).

Some of the benefits U.S. industry will receive from higher sales overseas will be eroded by stiffer competition from increased shipments here of

foreign goods produced at wage rates much lower than ours.

Domestic Outlook Favorable

In spite of the gloomy clouds blowing in from the international storm centers, the domestic outlook is in general favorable.

In the immediate months ahead, there is some fear that the nation's economy will suffer setbacks. Economists who do fear a recession believe that the forced-draft spending normal in pre-election months will touch off deep slowdowns after the first of the year.

The Federal Reserve Board lent some weight to this fear recently by reducing bank reserve requirements and lowering the discount rate to make it easier for business and consumers to get spending money—usually an anti-recession move.

This is in contrast with the expressed optimism of the Eisenhower Administration that the economy is due for another rise after the first of the year without government prodding.

Measuring the predictions against the heat of current political efforts, and against the pressures of rising defense outlays, the most likely short term outlook is for an economic

“breathing spell” in the first three or four months of 1961, followed by slow but steady increases over the next couple of years.

With this rise, however, are almost certain to come further increases in costs, and thus in prices, as government boosts its demands on the nation's productive capacity and on its money supply.

Unions to Stiffen Demands

In the labor-management relations field, the outlook is for a continuation and sharpening of the trends of the past few years.

Collective bargaining is expected by many labor experts both in and out of government to get tougher and tougher. There are several reasons for this. For one thing, workers now are nearing their peak in cash wage payments. More and more, wages are eaten up by taxes, union dues, and other deductions based on a percentage of income. Demands in the future, therefore, will lean more and more heavily on non-contributory fringe benefits, most of which are tax free, these observers predict. Shorter work weeks—or days—will be another major goal.

Cash wage demands will still be made, but will be small. For instance, some 1.1 million

workers received wage increases in the first quarter of this year. But the average boost was only 10 cents an hour, and 97 per cent of them got less than 20 cents.

As union bargaining emphasis shifts to fringe benefits, hours, working conditions, and protecting jobs against automation, labor leaders will have to get increasingly militant to hold their membership, gain new members, and to win significant gains.

Continuing inroads into union blue collar membership by automation will also force a stronger and stronger effort by most unions to organize white collar workers.

Foremen and supervisors, as management at the front line, will feel the effects of these agitated labor-management re-

lations over the next few years. The frustrations and pressures they will create will pose real problems—and at the same time bring rewarding challenges.

The task of the foreman and supervisor in 1961 and the succeeding few years will become more precise in an age of growing use of automation, of production of more sophisticated products with closer tolerances, and of rising costs.

But the job will of necessity also become more responsible. It will require more training and professionalism, and therefore increase the prestige of those who will bear the brunt of helping to lead our industrial nation safely through the pitfalls waiting to destroy free competition and individual liberty.

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Business and Politics

General Electric Tackles

(Part 2)

General Electric's political approach is an extension and adaptation of the company's distinctive labor policy that sometimes goes by the name of "Boulwareism." After the strike-ridden year of 1946, Cordiner and Charles E. Wilson, then president of G.E., decided to pull Lemuel E. Boulware out of his post as vice president in charge of G.E.'s affiliated manufacturing companies, and place him in command of the company's labor relations. Boulware showed a talent for thinking beyond the immediacies of business problems, and of relating them to the principles on which the business system is based.

As Boulware saw it, and Wilson and Cordiner concurred, G.E. needed to act in the labor-relations field in the same way

it did in its sales and customer relations—with "honesty, frankness, and gumption." Basic to Boulware's policy was direct and wide-scale communication with all employees, including union members on all pertinent issues, no matter how controversial. G.E. sought to establish an identity between the company's interests and the "best interests and welfare" of the employees. Serious efforts along these lines were bound to involve G.E. in such general arguments as the impact of inflation on the economy and whether the union shop was compatible with the principles of a free society. The files of the corporation's newsletters to its employees show that it argued such general questions with vigor.

Boulware saw the union situation as a basic political problem. He did not, to be sure, engage in horse trading with the

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cs Do Mix

es Problem with Gumption

union leaders. Rather, he directed his appeal to the union rank and file in competition with the appeal of union leaders. This is what G.E. is now attempting in the broader political sphere. Instead of merely lobbying or bargaining with political officeholders, it is seeking, through communication and political participation, to reach the officeholder's constituency. Ralph Cordiner wants a situation in which it is "good politics to be for what business is for."

It was back in Boulware's early days also, that G.E. developed the "business climate" concept, and this, too, is an integral part of the company's current political activity. About 1951, G.E. began a great decentralization effort that spread its operations to many communities around the country. To aid in the selection of locations, G.E. would make a comprehen-

sive appraisal of the business climate of the community—size it up for such things as labor supply, labor psychology, local government efficiency, relationship of taxes to services provided, educational and cultural facilities.

This approach was extended beyond the selection of new plant locations. Managers are now urged to take a periodic inventory of their climate, to set out specific goals for its improvement, and to become in part the architects rather than merely the victims of their environment. And to accomplish this effectively, it became obviously necessary that in addition to participation in noncontroversial civic work, a certain amount of political activity was required.

Under G.E.'s decentralized operation, it is up to the managers of the more than 100 operating departments around the

country to decide how much political activity, and what kind, they will engage in. Nearly three-fourths of the departments have already undertaken some sort of "practical politics" program.

The Boys in Syracuse

G.E. likes to join forces with other corporations and business organizations in a community campaign for political action. Perhaps the most outstanding venture of this kind has taken place in Syracuse, New York, under the sponsorship of the local Manufacturers Association.

Though the Greater Syracuse area is overwhelmingly Republican, a "business climate" appraisal made early in 1957 turned up the existence of a number of factors deemed inimical to the health and vitality of industry. According to the report, the high cost of doing business in New York State, with its heavy corporate-income taxes and above-average unemployment and workmen's compensation costs, was a minus factor in the business climate of Syracuse. "Fractionalized" local government impeded the planning and financing of needed improvements in such essential services as water, sewage disposal, traffic

control, etc. Finally and significantly, the appraisal found that even Republican Syracuse was deficient in the understanding of economic principles.

With the enthusiastic aid of G.E., which is the city's largest employer, the Manufacturers Association got started late in 1957 on a rousing "practical politics" program. First, a task force whipped up a "Political Primer for Management," and other educational material. This month almost 1,400 Syracuse business people from 25 companies will have taken a 20 to 30-hour course. The movement is still going so strong that applications—all voluntary—exceed the number of slots available for participants.

Of the seminar participants during the first year, a survey showed that 83 per cent had never taken part in politics beyond registering and voting. Since "graduation," 91 per cent have engaged in further political activity. Forty-five per cent engaged in door-to-door canvassing of voters, 38 per cent donated money to their party or candidate, and an impressive 10 per cent ran for, or were appointed to, a party or government office.

Some of the students, indeed, were shanghaied as soon as they appeared on the political beach. Charles Bragan, a G.E.

supervisor who lives in the suburban town of Van Buren, was assigned by his seminar leader to contact the district committeeman in "the party of his choice"—Republican. It turned out that the Republican town chairman had just resigned, and Bragan was promptly impressed into the job. Now that he has rubbed elbows with "the people who run things" in politics, one point strikes him particularly. "I had never realized," he says, "how sensitive politicians are to the wants of the people when the people speak up."

Seymour Sadowsky, a process engineer for G.E. in Syracuse, is a native of New York City where his father was a garmentworker, union member, and Democrat. Sadowsky's assignment from his seminar was to attend a meeting of the Syracuse Board of Supervisors. Because he felt the Democratic minority on the board was being pushed around, he went to the Democratic ward chairman to offer his services in some capacity. "The next thing I knew I was in a meeting, being nominated to run for supervisor from my ward." He knew he had only a fighting chance, but hoped to cut in on the normal Republican majority with a slogan that may reflect seminar training, "You've got to

have competition in government to get good government." He lost, but did a little better than the Democrat did last time in his ward. Despite the party of Seymour Sadowsky's choice, his Republican boss at G.E. thinks Seymour is an example of what is most good about the businessmen-in-politics movement.

The most fervent apostle to graduate from a G.E. seminar in Syracuse is an office-procedures specialist named Thomas F. Mahar. A few months ago, as Governor Nelson Rockefeller stepped out of a plane at the Syracuse airport, he was astonished to be accosted by citizen Mahar, who demanded to know why in the name of good government had Rockefeller appointed a three-member racing commission at \$50,000 a year to replace a one-man commissioner who was paid \$20,000. Mahar has also taken a strong personal stand on government subsidies. Because the cost of the lunches sold at his children's school is not fully covered by the price charged, Mahar now requires his children to bring their lunches from home. Furthermore, he has caused his wife to abandon the piano lessons she was taking through a state-supported adult-education program in which the price was lower than the real cost. G.E., from

Ralph Cordiner on down, will be hard put to it to match this crusader's willingness to sacrifice self-interest on the altar of a free society.

Learning by Doing

In terms of vote getting, all these practical political programs are probably not worth the effort that corporations are putting into them. Necessarily, many of the newly trained political missionaries are "preaching to the converted" in their own neighborhoods and country clubs. But the chief value of the programs is indirect. The clue to this value lies in the changes that have occurred in American management over the last two generations.

"Management" in the year 1900 was likely to mean the town's mill owner, who was one of the four or five "leading citizens" of his community. In the normal course of his business and social life he knew the other leading citizens well, and was in contact with the most of the 20 or 30 other influential men of the community's second echelon. Politics was part of the built-in agenda of his contacts. No problem of doorbell-ringing arose. Moreover, our mill owner's business brought him into frequent touch with local, state, and national political issues and personalities.

Today the function of the mill owner has been broken into 10, a 100, or a 1,000 parts. Most of these human atoms, who now form management, never come across a political problem in the normal course of their corporate work. The top executives, the corporate counsel, and the public-relations men, who have a regular contact with political problems, do not ordinarily transmit the results of their experiences to the engineers, accountants, and sales managers. The contrast with management in 1900 is twofold: (1) modern management does not usually form political convictions of depth and sophistication; (2) when it does, its channels of communicating these convictions to the rest of the community are not effective.

The present programs are an effort to compensate for these political disadvantages. New-style management now learns in seminars a part of what old-style management used to learn in bar and barbershop, at dinner tables of lawyers and editors, and on trips to Columbus or Harrisburg or Washington. Given the intensely pragmatic character of U.S. business, there was never any chance that training programs would stop with books and panel discussions. There had to be an

effort to translate knowledge into action through calls on committeemen, fund raising, and candidacies for office. No doubt these activities can be readily satirized, but they are not essentially funny. Business is relearning politics in the way business generally learns—by doing.

Above the Power Struggle

Similarly, the true value of public corporate pronouncements on political issues is more indirect than immediate. G.E.'s plant letters arguing against the union shop as an infringement of the freedom of workers probably do not convert any hard-bitten unionists. But consider the implications of the opposite course—refraining from an argument over the principles involved in a union shop. A management that refuses to grant a union shop appears to withhold something that "costs the corporation nothing." If it concedes a union shop, as many corporations did under government and public pressure during World War II, the corporation may find that it has contributed to the establishment of a climate of labor relations which can have quite serious practical consequences for business and for the whole society. Arguing the issue seri-

ously in terms of principle, while it may make few immediate converts, does lift the question out of the context of a pure labor-management power struggle. Only by trying to associate such an issue with the logic of a free society can management hope to affect both the climate and—ultimately—the practicalities.

To date, the outstanding success of the new business interest in politics is its contribution to the present intense public awareness of how dangerous chronic inflation can be. Business opposition to inflation is as old as the Republic—indeed, it had a good deal to do with the birth of the Constitution. But anti-inflation sentiment among businessmen has not always been intense or wholehearted. Debts, high inventories, and many another business situation can make a management yearn for inflationary deliverance. In the postwar years, managements generally gave in to labor wage pressure and let prices rise accordingly. They accepted inflationary levels of government spending. In the past five years, however, this sloppy acquiescence has been replaced by a much firmer management realization that in the long run inflation is bad for business. The change did not come about by a series of prac-

tical demonstrations that inflation had hurt first Corporation A, then B, then C. Businessmen were persuaded because they had been paying closer attention to the *general* consequences of inflation in a free society, with property as one of its essential pillars.

Pay-Envelope Principles

In such changes of climate, the work of the Committee for Economic Development has been effective. Hundreds of influential businessmen were drawn into serious paper work and panel discussions. They produced reports and recommendations. Who was convinced? First of all, the business participants themselves. Men who had formerly paid careless lip service to such concepts as federal balanced budgets, began to think of safeguards against inflation as being of great importance to their own business futures. This intensification of business emotion and extension of business knowledge about inflation was a major factor in a great shift in the public attitude toward the subject. President Eisenhower and his Secretaries of the Treasury would have been helpless in their efforts to hold the price line had it not been for the changed public

climate. Steel management's public position in the 1959 strike would be quite impossible if the conflict had been seen as a simple power struggle. Millions of people understand now, as they did not a decade ago, that rapidly rising wages can hurt them by hurting the system in which they live.

For instance, David L. Harrington, board chairman of Reuben H. Donnelley Corporation and former president of the Illinois Chamber of Commerce, thinks he "has a responsibility to acquaint our [8,500] employees with the political-economic facts of life." A pay envelope in his company may contain a slip reading: "This paycheck can be used for the yearly premium on your life-insurance policy, which will cover the education of your children and the support of your widow. If inflation continues, in 10 years you may need half again as many dollars to accomplish the same things."

Arguments such as this work because they are not based on the company's narrow interest against the individual interests of the workers. William T. Gossett, legal vice president of Ford Motor, has said: "The measure of [the corporation's] effectiveness in public affairs is the degree to which its policies

reflect the values, objectives, aspirations, and reservations of society as a whole. If a corporation's policies are at odds with these, or seem to be, then no amount of money, technique, or protestation is likely to have the slightest public influence."

Banana Peels

To point out what a reawakened business interest in politics has done and to suggest the more important goals it may achieve is not to predict success for the present movement. The path before it is bright with banana peels.

Objections and warnings against the new approach come from many businessmen. The lowest criticism is that of one unreconstructed Pittsburgher who, deploring ideology, says he still favors "the buy-partisan approach"—buy any politician who can be approached. At the other end of the scale, the highest line of criticism is exemplified by President George Romney of American Motors, who holds that "If we are to have a free society, the citizen must exercise his political rights directly, and not through his economic affiliation or interest—whether business or labor."

Such arguments as Romney's against a larger political role for corporations may stem from

a mistaken belief that corporations play a less important role in American society than they do. To most Americans the corporation is a presence filling a large part of the social horizon. Because it looms so large, the corporation, whether it is active or passive, will be assumed to be playing a political role. Political motives will be ascribed to it, and politicians will rise to power by interpreting or attacking those assumed motives, whether true or false. No corporation can, in fact, today stay wholly detached from all-pervasive politics. If it is hurt directly by politics, it will intervene in self-defense—and such desperate intervention is likely to be clumsy, ineffective, and too late. The question really is whether corporate managements can learn to explain with their own voices their political motives and to argue about the terms and standards that will decide specific political issues.

The present movement is attracting some of the best management types, senior and junior. It is also attracting some "promoter" types, the parasites who think they can "sell free enterprise" like, say, lipstick. This is too bad because if these fleas on the program become too numerous, business may then feel it has to kill the dog.

The cry of "coercion" has already been raised against the new programs—and they will have to be guarded against this. Realistically, however, the chance that management today could politically coerce factory or clerical workers is exceedingly dim. In middle management the danger is not to the rights of individuals, but rather that political activity presents a specially attractive field of opportunity to yes-men who encumber the ranks of management.

In short, the possibilities are real and numerous that the new business interest in politics will do more harm than good. But it need not.

A Test in 1960

The presidential-election campaign this year will provide a test for the present movement. But it is important to understand what that test will be. A recent *FORTUNE* survey disclosed that nearly 80 per cent of the nation's top business executives are already Republicans, and it would hardly be useful to try to increase that figure. Nor should the significant effort be to increase the already large number of Republicans in middle management. The test will be whether business helps to advance into the presidential campaign the

fundamental issues it considers significant for the preservation of a free society. The danger is that these issues will be stifled by inattention. An official of Republic Steel says: "Management people should have basic knowledge in order to participate constructively in public affairs. It's become quite apparent these things are not being taught in the schools. An entire generation has grown up under the New Deal philosophy."

In a democratic society an election campaign can be either a circus, or a contest of personalities, or an educational institution to impart political fact and philosophy.

If a changed public climate requires candidates to argue immediate issues in terms of fundamental principle, then business will have advanced to a point where it can expect to win a much higher proportion of the practical political decisions than has been the case in the past. With luck and good management, the new interest of business in politics could help bring further into the light such issues as inflation, subsidies, the relation of free enterprise to foreign policy, and other current questions that cluster around the American conception of strong but limited government.

THE PRESIDENT'S MESSAGE *(continued from inside front cover)*

But their appointment posed a serious problem. Although they were skilled in their particular trades, they were not at all familiar with supervision or departmental functions or the economics of business. It was all new to them.

So the foremen's club movement was a natural—it was needed to educate foremen in a new way of thinking.

Perhaps the man most responsible for the National Association of Foremen, forerunner of the NMA, was the late Thomas B. Fordham. A man with a highly imaginative mind and a burning desire to see the Foremen's Club of Dayton develop, his efforts did much to create the NAF.

Fordham grasped the far-reaching implications behind the development of management teamwork—without it industry would come crashing down like a demolished house of cards.

There were those executives, he discovered, who needed educating as well as the foremen. Many were not sold on foremen, and even if these men were qualified they seldom were listened to. It worked the other way, too—some executives could not find competent foremen.

To Tom Fordham the foremen's educational club in Dayton was the answer for an ailing industry. The years have proved how right his judgment was.

Today, membership in the NMA is more than 66,000 and we're growing rapidly.

Our NMA programs for supervisory development are constantly being improved to meet the changing needs of each and every member. There are enough tools involved in our various programs such as seminars, institutes and conferences to make any man a well qualified manager and put his company in the black ink for years to come.

But if supervisors and foremen are to be successful they must take these programs seriously. They should consider each NMA service a golden opportunity to train for future leadership in industry.

On our 35th birthday this month, we are on the threshold of still greater opportunities. No finer tribute to the American foreman can be made than the successful progress realized in the past 35 years.

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 OV+JIM *



"Don't just stand there, Cicero . . . get out and vote!"

